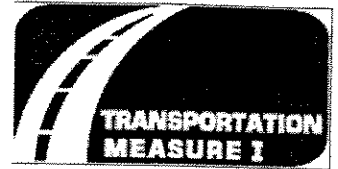




San Bernardino Associated Governments
1170 W. 3rd Street, 2nd Floor, San Bernardino, CA 92410
Phone: (909) 884-8276 Fax: (909) 885-4407
Web: www.sanbag.ca.gov



•San Bernardino County Transportation Commission •San Bernardino County Transportation Authority
•San Bernardino County Congestion Management Agency •Service Authority for Freeway Emergencies

AGENDA

Administrative Committee Meeting

December 8, 2004
9:00 a.m.

Location

SANBAG
Super Chief Conference Room
1170 W. 3rd Street, 2nd Floor
San Bernardino, CA

Administrative Committee Membership

Chair – SANBAG Vice President

Council Member Kelly Chastain
City of Colton

SANBAG President

Supervisor Paul Biane
County of San Bernardino

SANBAG Past President

Mayor Bill Alexander
City of Rancho Cucamonga

Mt./Desert Representatives

Council Member Edward (Ted) Burgnon
Town of Apple Valley

Mayor Pro Tem James Lindley
City of Hesperia

Supervisor Dennis Hansberger
County of San Bernardino

East Valley Representatives

Mayor Pro Tem Larry McCallon
City of Highland

Council Member Bob Christman
City of Loma Linda

Supervisor Clifford Young
County of San Bernardino

West Valley Representatives

Council Member Gwenn Norton-Perry
City of Chino Hills

Mayor Paul Eaton
City of Montclair

Supervisor Patti Aguiar
County of San Bernardino

**San Bernardino Associated Governments
County Transportation Commission
County Transportation Authority
Service Authority for Freeway Emergencies
County Congestion Management Agency**

AGENDA

Administrative Committee Meeting

**December 8, 2004
9:00 a.m.**

Location: SANBAG, Super Chief Conference Room, 1170 W. 3rd Street, 2nd Floor,
San Bernardino

CALL TO ORDER 9:00 a.m.

(Meeting Chaired by Council Member Kelly Chastain)

- I. Attendance
- II. Announcements
- III. Agenda Notices/Modifications – Anna Aldana

1. Possible Conflict of Interest Issues for the Administrative Committee Meeting December 8, 2004 Pg. 5

Note agenda item contractors, subcontractors and agents which may require member abstentions due to conflict of interest and financial interests. Board Member abstentions shall be stated under this item for recordation on the appropriate item.

Consent Calendar

Consent Calendar items shall be adopted by a single vote unless removed by member request.

Administrative Matters

2. Attendance Register Pg. 7

A quorum shall consist of a majority of the membership of each SANBAG Policy Committee, except that all County Representatives shall be counted as one for the purpose of establishing a quorum.

Notes/Actions

3. **Procurement Report for November 2004** Pg. 9
Receive Monthly Procurement Report. **Susan Van Note**

Discussion Items

Administrative

4. **SANBAG's Investment Policy No. 20100** Pg. 11
Maintain SANBAG's current Investment Policy No. 20100.
Susan Van Note
5. **Budget to Actual Report** Pg. 19
Receive Budget to Actual Report for Period Ending
September 2004. **Susan Van Note**
6. **SANBAG 2005/2006 Budget Schedule** Pg. 25
Approve the SANBAG 2005/2006 Budget Schedule.
Susan Van Note.
7. **Policy on Cancellation and Rescheduling of Meetings** Pg. 29
Approve amendment to SANBAG Policy 10000, Policy
Committee Relationships and Procedures, to add provisions
for cancellation and/or rescheduling of Board of Directors and
Policy Committee meetings. **Deborah Barmack**
8. **SANBAG Financial and Project Management Software Needs** Pg. 35
1. Receive report on evaluation of SANBAG Financial and
Project Management Software Needs completed by
Government Finance Officers Association (GFOA) and direct
staff to proceed with Option I, maximized use of the Regional
Council Management System (RCMS) software.
2. Note staff committee recommendation to renew the
contract with TH Enterprises for routine support and network
management. **Deborah Barmack**
9. **Computer Administration and Management Services Contract** Pg. 57
Approve Sole Source Contract No. 05-034 with TH
Enterprises for Computer Administration and Management
Services for an amount not to exceed \$290,642 as specified in
the Financial Impact Section **Deborah Barmack**

Discussion Items (Continued....)**Administrative(Cont.)****10. Policy on SANBAG Flexible Benefit Plan Pg. 69**

Approve amendment to SANBAG Policy 10122-1, Flexible Benefit Plan, to eliminate pro-ration of benefits and establish a timeline for submittal of documentation in the event of a qualifying event. **Deborah Barmack**

Program Support/Council of Govts.**11. 2004 Year-End State and Federal Legislative Report Pg. 77**

Receive and file State and Federal Legislative Update as an information item. **Kristine Leathers Murray**

12 San Bernardino Associated Governments State and Federal Legislative Program Pg. 81

Approve 2005 State and Federal Legislative Programs. **Kristine Leathers Murray**

Comments from Board Members**Public Comment****Additional Information****Acronym List Pg. 83****ADJOURNMENT**

Complete packages of the SANBAG agenda are available for public review at the SANBAG offices. Staff reports for items may be made available upon request. For additional information call (909) 884-8276.

San Bernardino Associated Governments

Meeting Procedures

The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the San Bernardino Associated Governments (SANBAG) Board of Directors in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the SANBAG Board of Directors and Policy Committees.

1. **Accessibility** – The SANBAG meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Clerk of the Board at least three (3) business days prior to the Board meeting. The Clerk's telephone number is (909) 884-8276 and office is located at 1170 W. 3rd Street, 2nd Floor, San Bernardino, CA.
2. **Agendas** – All agendas are posted at 1170 W. 3rd Street, 2nd Floor, San Bernardino at least 72 hours in advance of the meeting. Staff reports related to agenda items may be reviewed at the SANBAG offices located at 1170 W. 3rd Street, 2nd Floor, San Bernardino.
3. **Agenda Actions** – Items listed on both the "Consent Calendar" and "Items for Discussion" contain suggested actions. The Board of Directors will generally consider items in the order listed on the agenda. However, items may be considered in any order. New agenda items can be added and action taken by two-thirds vote of the Board of Directors.
4. **Closed Session Agenda Items** – Consideration of closed session items *excludes* members of the public. These items include issues related to personnel, pending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the Chair will announce the subject matter of the closed session. If action is taken in closed session, the Chair may report the action to the public at the conclusion of the closed session.
5. **Public Testimony on an Item** – Members of the public are afforded an opportunity to speak on any listed item. Individuals wishing to address the Board of Directors or Policy Committee Members should complete a "Request to Speak" form, provided at the rear of the meeting room, and present it to the SANBAG Clerk prior to the Board's consideration of the item. A "Request to Speak" form must be completed for *each* item an individual wishes to speak on. When recognized by the Chair, speakers should be prepared to step forward and announce their name and address for the record. In the interest of facilitating the business of the Board, speakers are limited to three (3) minutes on each item. Additionally, a twelve (12) minute limitation is established for the total amount of time any one individual may address the Board at any one meeting. The Chair or a majority of the Board may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations.

The Consent Calendar is considered a single item, thus the three (3) minute rule applies. Consent Calendar items can be pulled at Board member request and will be brought up individually at the specified time in the agenda allowing further public comment on those items.

6. **Agenda Times** – The Board is concerned that discussion take place in a timely and efficient manner. Agendas may be prepared with estimated times for categorical areas and certain topics to be discussed. These times may vary according to the length of presentation and amount of resulting discussion on agenda items.
7. **Public Comment** – At the end of the agenda, an opportunity is also provided for members of the public to speak on any subject with SANBAG's authority. Matters raised under "Public Comment" may not be acted upon at that meeting. The time limits established in Rule #4 still apply.
8. **Disruptive Conduct** – If any meeting of the Board is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the Chair may recess the meeting or order the person, group or groups of persons willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive conduct includes addressing the Board without first being recognized, not addressing the subject before the Board, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, or otherwise preventing the Board from conducting its meeting in an orderly manner.

Please be aware that a NO SMOKING policy has been established for SANBAG meetings. Your cooperation is appreciated!

- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM 1

Date: December 8, 2004

Subject: Information Relative to Possible Conflict of Interest

Recommendation*: Note agenda items and contractors/subcontractors, which may require member abstentions due to possible conflicts of interest.

Background: In accordance with California Government Code 84308, members of the SANBAG Board may not participate in the any action concerning a contract where they have received a campaign contribution of more than \$250 in the prior twelve months from an entity or individual, except for the initial award of a competitively bid public works contract. This agenda contains recommendations for action relative to the following contractors:

Item No.	Contract No.	Principals & Agents	Subcontractors
9	05-034	TH Enterprises <i>Ted Hoisington</i>	None

Financial Impact: This item has no direct impact on the SANBAG budget.

Reviewed By: This item is prepared monthly for review by SANBAG Board and Committee members.

*

Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved: _____ *Second:* _____

In Favor: _____ *Opposed:* _____

Witnessed: _____

ADMINISTRATIVE COMMITTEE ATTENDANCE ROSTER - 2004

Name	Jan	Feb	March	April	May	June	July*	Aug	Sept	Oct	Nov*	Dec
Patti Aguiar	X				X	X		X		X		
Paul Biane	X		X			X				X		
Dennis Hansberger	X	X	X	X	X	X		X	X	X		
Gwenn Norton-Perry	X		X		X					X		
Clifford Young	X	X		X	X				X	X		
Jerry Eaves												
Jim Bagley	X	X	X			X						
Larry McCallon	X		X	X	X	X		X	X			
Kelly Chastain	X	X						X	X	X		
Bill Alexander	X		X		X	X		X		X		
James Lindley				X	X	X		X				
Edward Burgnon	X	X	X	X	X	X		X	X			
Paul Eaton	X	X		X					X			
Robert Christman	X	X		X		X		X	X	X		

The crossed-out boxes indicate members who were not on the committee as of that month.

The empty boxes indicate member who did not attend the meeting that month.

* The Administrative Committee did not meet in July and November.

ADMINISTRATIVE COMMITTEE ATTENDANCE ROSTER - 2003

Name	Jan	Feb*	March	April	May	June	July	Aug*	Sept*	Oct	Nov*	Dec
Bill Postmus Term Exp. 06/30/03	X		X	X	X	X				X		X
Paul Biane Term Exp. 06/30/04	X		X	X	X	X	X			X		X
Dennis Hansberger Term Exp. 12/31/03	X		X	X		X	X					X
Gwenn Norton-Perry Term Exp. 12/31/03	X				X	X	X					X
Jerry Eaves Term Exp. 12/31/03	X				X	X	X					
Jim Bagley Term Exp. 06/30/04	X		X	X	X	X	X			X		
Herman Hilkey Term Exp. 12/31/03	X			X	X	X	X			X		X
Kelly Chastain Term Exp. 12/31/04	X		X	X		X	X			X		X
Bill Alexander Term Exp. 06/30/04	X		X	X	X	X	X			X		X
Fred Aguiar Term Exp. 12/31/03			X	X	X	X						
James Lindley Term Exp. 12/31/04	X		X	X	X					X		X
Edward Burgnon Term Exp. 12/31/04	X		X	X		X	X			X		X
Paul Eaton Term Exp. 12/31/04			X	X	X	X	X					X
Robert Christman Term Exp. 12/31/03					X	X				X		X

The crossed-out boxes indicate members who were not on the committee as of that month.

The empty boxes indicate member who did not attend the meeting that month.

* The Administrative Committee did not meet in February, August, September and November

- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 3

Date: December 8, 2004

Subject: Procurement Report for November 2004

Recommendation:* Receive Monthly Procurement Report.

Background: The Board of Directors approved the Contracting and Procurement Policy (Policy No. 11000) on January 3, 1997. The Executive Director, or his designee, is authorized to approve Purchase Orders up to an amount of \$25,000. All procurements for supplies and services approved by the Executive Director, or his designee, in excess of \$5,000 shall be routinely reported to the Administrative Committee and to the Board of Directors.

Attached are the purchase orders in excess of \$5,000 to be reported to the Administrative Committee for the month of November 2004.

Financial Impact: This item imposes no impact on SANBAG's FY 2003/04 Budget. Presentation of the monthly procurement report will demonstrate compliance with the Contracting and Procurement Policy (Policy No. 11000).

Reviewed By: This item is scheduled for review by the Administrative Committee on December 8, 2004.

Responsible Staff: Susan Van Note, Chief Financial Officer

ADM0412a-svn.doc
Indirect

Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved: _____ *Second:* _____

In Favor: _____ *Opposed:* _____ *Abstained:* _____

Witnessed: _____

PURCHASE ORDERS ISSUED FOR NOVEMBER 2004

P.O. #	Vendor	Purpose	Sole Source Y/N	Amount
0536	Raymond Gorski	Air Quality Analysis	Y	\$ 20,000.00
0560	Inland Valley Daily Bulletin	Ads to promote Thanksgiving Metrolink Svc.	Y	\$ 10,097.49
0565	Jill Kollmann & Associates	Develop Regional Ride Home Program	Y	\$ 12,681.00
0566	Diversified Landscape Co.	71 Landscaping Clearing	Y	\$ 25,000.00
		TOTAL PURCHASE ORDERS ISSUED		\$ 67,778.49

Minute Action

AGENDA ITEM: 4

Date: December 8, 2004

Subject: SANBAG's Investment Policy No. 20100

Recommendation:* Maintain SANBAG's current Investment Policy No. 20100

Background: The California Government Code, which governs the investment of public funds (Section 53635 et seq.), mandates that the governing body of a local agency annually review the agency's investment policy at a public meeting. SANBAG's policy was previously reviewed and approved at the Board of Director's meeting on November 5, 2003.

Financial Impact: There is no immediate impact to SANBAG's FY 2004/2005 Budget. Oversight activities for SANBAG investments are consistent with the Fiscal Year 2004/2005 SANBAG budget. Funding sources are Measure I Valley Administration Fund and Measure I Mountain/Desert Administration Fund. TN 0594200

Reviewed By: This item has been reviewed by SANBAG Counsel and by Chandler Asset Mgmt., Inc., SANBAG's Investment Advisor; and will be reviewed by the Administrative Committee on December 8, 2004.

Responsible Staff: Susan Van Note, Chief Financial Officer

*

Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved: _____ *Second:* _____

In Favor: _____ *Opposed:* _____ *Abstained:* _____

Witnessed: _____



San Bernardino Associated Governments	Policy	20100
Adopted by the Board of Directors October 2, 1996	Revised	11/5/03
Investment Policy	Revision No.	7

Important Notice: A hardcopy of this document may not be the document currently in effect. The current version is always the version on the SANBAG Intranet.

Table of Contents

Purpose | Definitions | Policy | Investment Goals | Prudent Investor Standard | Scope | Delegation of Authority | Conflicts of Interest | Portfolio Maturity Limits | Allowable Investments for SANBAG Operating Funds | Additional Allowable Investments for Bond Proceeds Only | Prohibited Investment Transactions | Investment in "Derivative" Securities | Leveraging | Safekeeping of Securities | Competitive Bidding of Investments | Qualifications of Broker/Dealers | Annual Management Review and Audit | Segregated Investment, Execution and Record Keeping, and Reporting | Quarterly Reporting | Annual Submission of Investment Policy | Revision History

I. PURPOSE

The purpose of this policy is to provide guidelines for the investment of funds based upon prudent cash management practices and in conformity with all applicable statutes.

II. DEFINITIONS (None)

III. POLICY

The Board of Directors of the San Bernardino Associated Government (SANBAG) and its related authorities and agencies recognizes its responsibility to direct the investment of funds under its care. This policy is designed to meet the specific needs of SANBAG while ensuring the safety of funds.

IV. INVESTMENT GOALS

The investment of funds by SANBAG shall be guided by the goals of safety, liquidity, diversification and a reasonable market rate of return.

Safety: Safety of principal is the foremost objective of the investment program. Investments of SANBAG will be undertaken in a manner that seeks to ensure the preservation of capital the overall portfolio.

Liquidity: SANBAG's investment portfolio will remain sufficiently liquid to enable SANBAG to meet all operating requirements and budgeted expenditures, including an additional amount to cover reasonably estimated contingencies.

Diversification: The investment portfolio will be diversified to avoid risk regarding specific security types or individual financial institutions.

Reasonable Market Ratio of Return: The investment portfolio will be designed to attain a market average rate of return through economic cycles which is consistent with SANBAG's primary goals of safety, liquidity and diversification.

V. PRUDENT INVESTOR STANDARD

SANBAG investments are governed by the Prudent Investor Standard, set forth as follows:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing pub funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part to an overall investment strategy, a trustee is authorized to acquire investments as authorized by law.

VI. SCOPE

The investment policy applies to all financial assets held by SANBAG, including bond proceeds. Funds specifically exempt from this policy include employee deferred compensation plans, employee pension plans, or assets held in trust by SANBAG with specific investment instructions.

VII. DELEGATION OF AUTHORITY

SANBAG's bylaws designate the Executive Director as Treasurer for the Agency.

Under the direction and oversight of the Executive Director, and in consultation with SANBAG's investment adviser, the Chief Financial Officer (CFO) shall direct the investment of SANBAG operating funds which are not invested in the County Pool or in LAIF ("DIRECT INVESTMENTS"). In addition, the CFO, under the direction and oversight of the Executive Director, and in consultation with SANBAG's investment adviser shall review the alternatives for the investment of bond proceeds and shall recommend such investments to the SANBAG Board for its approval. All officials, staff members and consultants are directly accountable to the SANBAG Board for investment functions.

VIII. CONFLICTS OF INTEREST

All officials, staff members and consultants involved in the investment functions will refrain from personal business activity that could conflict with the execution of the investment function or which could impair their ability to make impartial investment decisions. Officials, staff members, and consultants will disclose to the Executive Director any financial interest with a financial institution or broker that conducts business with SANBAG. Officials, staff members and consultants will further disclose any personal financial positions that could be related to the performance of SANBAG's portfolio.

IX. PORTFOLIO MATURITY LIMITS

SANBAG's investments in the San Bernardino County Pool and in LAIF are subject to maturity limit and other investment restrictions as imposed by the governing bodies of those agencies. The maximum maturity of any other investment of operating funds ("direct investments") may not exceed **two** years. Investment of bond proceeds shall be made in consideration of the liquidity needs of the bond fund, and may not exceed five years, except for securities to be held in a defeasance escrow. Refunded bonds and bond debt serve reserve funds.

X. ALLOWABLE INVESTMENTS FOR SANBAG OPERATING FUNDS

Investment of local agency funds is governed by the California Government Code, Sections 53600 et seq. and 53635 et seq. Should the Government Code become more restrictive than this policy, the

Government Code restrictions shall prevail.

It shall be SANBAG's long term objective to diversify its investments by maintaining approximately one half of its investable operating funds in LAIF, and approximately one half in direct investments i US Treasury securities, Federal agency notes, commercial paper, and money market mutual funds. In order to minimize transfers among allowable investment vehicles, the allowable maximum for the LAIF shall be 60%. Because it can be fully diversified, up to 100% of SANBAG operating funds may be comprised of direct investments. In addition, SANBAG shall maintain adequate funds in the San Bernardino County Pool to fund checks drawn on the County Treasury. It is estimated that an amount not to exceed 30% of SANBAG's operating funds is sufficient to fund checks drawn on the County Treasurer.

The following investment vehicles are permitted for the investment of operating reserves:

1. San Bernardino County Investment Pool		
	Quality:	AAA
	Portion of Portfolio:	30% maximum
	Term:	Average maturity of fund must be less than 3 years
2. California State Local Agency Investment Fund (LAIF)		
	Quality:	Not rated
	Portion of Portfolio:	60% maximum
	Term:	Average maturity of fund must be less than 3 years.

Direct Investments

3. Money Market Mutual Funds		
	Quality:	AAA
	Portion of Portfolio:	20% maximum
	Term:	Limited to funds which strive to maintain a share value of \$1.00 (money market funds) and which invest in securities permitted by the California Government Code.
4. United States Treasury Bill, Notes, and Bonds		
	Quality:	Not applicable
	Portion of Portfolio:	No limit
	Term:	2 year maximum
5. Government Agency Securities (Includes Federal agency obligations and United States sponsored enterprises)		
	Quality:	Not applicable
	Portion of Portfolio:	40%
	Term:	2 year maximum
6. Commercial Paper		
	Quality:	P1 (Moody=s) and A1 (Standard and Poor=s)
	Portion of Portfolio:	15%
	Issue Limit:	5%

Term: 270 day maximum

XI. ADDITIONAL ALLOWABLE INVESTMENTS FOR BOND PROCEEDS ONLY

A. California Arbitrage Management Program (CAMP) separately managed portfolios and money market funds which are rated AA or better and have an average maturity of one year or less.

B. Investment agreement with a AA rated bank or collateralized investment agreement with an A rated bank or an investment acceptable to a bond insurance company and approved specifically by the SANBAG Board.

C. Debt service reserve funds may be invested longer than five years as long as they are permitted by state law and investments are readily available for bond payments and other bond purposes (refundings, defeasance, etc.).

D. U.S. Treasury Securities and State and Local Government Securities having a maturity longer than five years are permitted for escrowed defeasances.

E. Forward purchase agreements, forward delivery agreements and debt service reserve agreement approved specifically by the SANBAG Board.

F. Other investments as permitted by bond indentures.

XII. PROHIBITED INVESTMENT TRANSACTIONS

Any investment not specifically allowed by this policy is prohibited.

XIII. INVESTMENT IN "DERIVATIVE" SECURITIES

Direct investment in derivative securities is prohibited. A "derivative security" is any investment the value of which is derived from an underlying security, commodity or index. For purposes of this policy, a derivative is any security that has principal and/or interest payments which are subject to significant uncertainty as to timing, and/or amount.

It is understood that the County Pool and LAIF may invest in certain derivative securities.

XIV. LEVERAGING

All forms of portfolio leverage, including, but not limited to, securities lending programs, reverse repurchase agreements, and margin accounts, are prohibited.

XV. SAFEKEEPING OF SECURITIES

SANBAG shall enter into an agreement with a bank trust department to serve as the safekeeping agent for all direct investments. The safekeeping agent shall hold all investments in an account for the sole benefit of SANBAG. All direct investments shall be delivered by the broker to SANBAG's safekeeping account on a delivery versus payment basis.

XVI. COMPETITIVE BIDDING OF INVESTMENTS

The investment procedures require that approved broker/dealers compete for direct investment

purchases and sales to ensure that all investment transactions are free from favoritism. The CFO shall determine the best execution price for SANBAG, and act accordingly.

XVII. QUALIFICATIONS OF BROKER/DEALERS

All investment transactions initiated on behalf of SANBAG shall be executed through government securities dealers reporting as primary dealers to the New York Federal Reserve Bank of New York or direct issuers (defined as corporations that issue their own securities). Primary dealers wishing to do business with SANBAG must meet the following criteria:

1. The primary dealer representative must have demonstrated experience providing investment services to public agencies in California.
2. The primary dealer representative must provide SANBAG with a minimum of three references of finance officials from public agencies in California.
3. The primary dealer representative must demonstrate expertise in the particular categories of investment securities that meet SANBAG's objectives, as described in SANBAG's Investment Policy.

Transactions may be executed through secondary dealers who have received prior approval to do business with SANBAG. In order to obtain approval, secondary dealers must complete a broker/dealer application provided by SANBAG, and must meet the following criteria to the satisfaction of SANBAG's Chief Financial Officer:

1. The broker/dealer must qualify under SEC Rule 15C3-1 (uniform net capital rule).
2. The broker/dealer and the broker/dealer representative must be properly registered with the appropriate state and federal regulatory bodies.
3. The broker/dealer should be a market maker and have a strong market presence in one or more product areas that are pertinent to SANBAG's investment goals.
4. The broker/dealer and its representative should be well established in the business and have an acceptable track record.

Both primary and secondary broker/dealers will be evaluated on trade execution, accuracy and timeliness of information provided, and quality of service.

Each broker/dealer will be sent a copy of this Policy, a broker/dealer application, and a list of person authorized to execute transactions on SANBAG's behalf. In order to be considered for investment business opportunities with SANBAG, each firm must acknowledge receipt of such materials.

XVIII. ANNUAL MANAGEMENT REVIEW AND AUDIT

An annual audit of all SANBAG's investment policies, practices, procedures, and portfolio status will be conducted by an independent consultant. The consultant will provide SANBAG with written observations and recommendations regarding the adequacy of investment controls.

XIX. SEGREGATED INVESTMENT, EXECUTION AND RECORD KEEPING, AND REPORTING

Monthly reconciliation of the CFO's investment records to bank, broker/dealer, and safekeeping confirmations will be performed by a member of the finance staff other than the CFO.

XX. QUARTERLY REPORTING

The CFO will provide a quarterly report to the Administrative Committee and to the Board of Directors providing the following information:

A. Breakdown of all securities, investments and moneys held by SANBAG by investment type, issue date of maturity, par, dollar amount and percent of portfolio invested in each.

B. A description of all SANBAG's funds, investments or programs that are under the management of any outside party that is not a local agency. This report must also include market valuation of the portfolio and the source of the valuation.

C. A statement of compliance with investment policy and a statement denoting the ability of SANBAG to meet its expenditures for the next six months.

XXI. ANNUAL SUBMISSION OF INVESTMENT POLICY

SANBAG's CFO shall render a statement of investment policy to the Board of Directors annually. The Board shall consider the policy, with any changes, in a public meeting.

XXII. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted by the Board of Directors.	10/2/96
1	20100: Added paragraph starting with "It shall be SANBAG's long term objective . . .".	9/3/97
2	No changes.	12/2/98
3	20100.10: Changed percentage of operating funds amount to 20%. 20100.10: Changed percentage of San Bernardino portfolio to 20%.	11/3/99
4	No changes. Re-approved by the Board of Directors.	11/1/00
5	Added Para. 20100.16 Qualifications of Broker/Dealers; re-sequenced existing paragraphs. 20100.16, 20100.17, 20100.18, 20100.19, 20100.20, and 20100.21 to 20100.17, 20100.18, 20100.19, 20100.20, and 20100.22. Revised Par. 20100.10: Revised "...not to exceed 20% of SANBAG's operating funds..." to "...not to exceed 30% of SANBAG's operating funds...", and "Portion of Portfolio: 20% maximum" to "Portion of Portfolio: 30% maximum".	11/7/01
6	Changed paragraph numbering style from 20100.1, 20100.2, 20100.3 etc. to I, II, III, etc. Par. IX: Changed "one year" to "two years". Par. X.4: Changed "1 year maximum" to "2 year maximum". Par. X.5: Changed "1 year maximum" to "2 year maximum". Par. X.6: Changed "180 days maximum" to "270 day maximum".	11/6/02
7	No changes. Re-approved by the Board of Directors	11/5/03

Questions or comments about this web site? Send e-mail to dbarmack@sanbag.ca.gov.

Last modified: 03/26/04 01:34 PM

- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 5

Date: December 8, 2004

Subject: Budget to Actual Report

Recommendation:* Receive Budget to Actual Report for Period Ending September 2004.

Background: SANBAG's Budget for Fiscal Year 2004/2005 for new activity, was adopted by the Board of Directors on June 2, 2004. Upon finalization of the SANBAG audit, the encumbrances (commitments related to unperformed contracts for goods or services from the previous Fiscal Years) are also presented for approval to be formally incorporated into SANBAG's FY 2004/2005 Budget.

The following attachment provides a summary of program activity and task activity compared to the approved budget. Columns indicating the original budget, amended budget, total budget and year to date expenditures are identified

Financial Impact: This item reports the status of expenditures against budget. The expenditures for the associated expenditures have been included in and are consistent with SANBAG's FY 2004/2005 budget.

Reviewed By: This item will be reviewed by the Administrative Committee on December 8, 2004

Responsible Staff: Susan Van Note, Chief Financial Officer

*

Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved: _____ *Second:* _____

In Favor: _____ *Opposed:* _____ *Abstained:* _____

Witnessed: _____

San Bernardino Associated Governments
 Budget to Actual - Fiscal Year 2004-2005
 Consolidated by Program

11/29/2004 12:06 PM

PERIOD: July 1, 2004 through September 30, 2004

FISCAL YEAR: July 1, 2004 through June 30, 2005

TASK DESCRIPTION	ORIGINAL BUDGET	BUDGET AMENDMENTS	Preliminary ENCUMB.	TOTAL BUDGET	EXPEND.	BALANCE OF TASK
TOTAL REGIONAL & QUALITY OF LIFE PROGRAM	3,289,705	0	2,608,137	5,897,842	518,798	5,379,044
TOTAL SUBREG. TRANS. PLANNING & PROGRAMMING	2,556,229	46,400	586,776	3,189,405	326,176	2,863,230
TOTAL PROJECT DEVELOPMENT PROGRAM	85,244,204	75,000	60,934,158	146,253,362	16,520,365	129,732,997
TOTAL TRANSIT/COMMUTER RAIL PROGRAM	11,224,395	481,250	2,806,270	14,511,915	183,460	14,328,456
TOTAL TRANS. PROGRAMS & FUND ADMINISTRATION	43,978,700	0	21,413	44,000,113	9,405,114	34,594,999
TOTAL PROGRAM SUPPORT / COUNCIL of GVMTS PROG.	2,138,120	0	328,916	2,467,036	529,450	1,937,587
GRAND TOTALS	148,431,353	602,650	67,285,671	216,319,674	27,483,362	188,836,312

San Bernardino Associated Governments

PERIOD:

July 1, 2004 through September 30, 2004

Budget to Actual

FISCAL YEAR:

July 1, 2004 through June 30, 2005

REGIONAL & QUALITY OF LIFE PROGRAM

TASK#	TASK DESCRIPTION	ORIGINAL BUDGET	BUDGET AMENDMENTS	ENCUMBRANCES	Preliminary	TOTAL BUDGET	EXPEND.	BALANCE OF TASK	% EXPEND.
0510100	Air Quality Planning	50,411				50,411	4,317	46,094	8.56%
0510200	Air Quality Implementation	43,044				43,044	10,942	32,102	25.42%
0511000	Regional Transportation Planning	63,451				63,451	11,285	52,166	17.79%
0511100	Freight Movement	145,259				145,259	40,025	105,234	27.55%
0511200	Regional Growth Forecast Development	65,152				65,152	5,291	59,861	8.12%
0511300	I-15 Intermodal Corridor Study	47,106				47,106	11,811	35,295	25.07%
0540400	Comprehensive Transp. Plan	283,856			306,225	590,081	49,129	540,952	8.33%
0540500	TMEP Program Development	5,645				5,645	470	5,175	8.33%
0540605	Trip Reduction Management - GEN	300,380			109,073	409,453	45,814	363,639	11.19%
0540610	Inland Empire Employer Service	258,500			261,164	519,664	0	519,664	0.00%
0540620	Rideshare Incentive Programs	483,050			522,409	1,005,459	0	1,005,459	0.00%
0540630	Rideshare Core Services	288,270			272,356	560,626	0	560,626	0.00%
0570200	Call Box System	996,719			955,165	1,951,884	280,772	1,671,112	14.38%
0570210	S.B. Co. Intelligent Trans. System	77,071			181,745	258,816	5,539	253,277	7.19%
0570400	Motorist Aid	94,744				94,744	37,769	56,975	13.66%
0581200	Clean Fuels Implementation	87,047				87,047	15,634	71,413	17.96%
TOTAL REGIONAL & QUALITY OF LIFE PROGRAM		3,289,705	0	2,608,137		5,897,842	518,798	5,379,044	8.80%

SUBREGIONAL TRANS. PLANNING & PROGRAMMING

TASK#	TASK DESCRIPTION	ORIGINAL BUDGET	BUDGET AMENDMENTS	ENCUMBRANCES	Preliminary	TOTAL BUDGET	EXPEND.	BALANCE OF TASK	% EXPEND.
0520200	Transp. Modeling & Forecasting	188,216				188,216	15,549	172,667	8.26%
0520300	Congestion Management	142,247			8,827	151,074	29,943	121,131	19.82%
0521300	High Desert Corridor Study	14,571				14,571	1,475	13,096	10.12%
0540900	Data Development & Management	296,465				296,465	56,197	240,268	18.96%
0550000	Trans. Improvement Program	139,315				139,315	41,509	97,806	29.80%
0552600	Subregional Trans. Monitoring	21,967	46,400		27,600	95,967	53,917	42,050	56.18%
0560100	County Trans. Commission - GEN	327,828				327,828	52,047	275,781	15.88%
0570100	Valley Signal Coordination Program	1,211,926			550,349	1,762,275	36,132	1,726,143	2.05%
0594100	Mountain/Desert Policies	213,694				213,694	39,405	174,289	18.44%
TOTAL SUBREGIONAL TRANS. PLANNING & PROG.		2,556,229	46,400	586,776		3,189,405	326,176	2,863,230	10.23%

PROJECT DEVELOPMENT PROGRAM

2 TASK#	TASK DESCRIPTION	ORIGINAL BUDGET	AMENDMENTS	BUDGET	ENCUMBRANCES	Preliminary	TOTAL BUDGET	EXPEND.	BALANCE OF TASK	% EXPEND.
0522200	SANBAG Modeling Support	0		0	0	32,034	32,034	0	32,034	0.00%
0525200	I-215 Corridor (S. of I-10)	100,000			0	1,300,000	1,400,000	7,665	1,392,335	0.55%
0525300	I-215 Final Design (N. of I-10)	1,120,000			0	19,500,913	20,620,913	707,460	19,913,454	3.43%
0525800	Rt. 71 Right of Way Acquisition	650,000			0	3,887	653,887	0	653,887	0.00%
0526800	Rt. 30 Final Design	150,000			0	430,440	580,440	72,885	507,555	12.58%
0526900	Rt. 30 Right of Way Acquisition	0			0	100,000	100,000	90	99,910	0.09%
0527200	I-10/Tippacanoe Interchange Design	0			0	400,000	400,000	0	400,000	0.00%
0527300	Rt. 71 Landscape Design & Const.	100,000			0	273,096	373,096	20,488	352,608	5.49%
0527500	Grade Separation Projects	0			0	808,417	808,417	1	808,416	0.00%
0536600	Rt. 71 Const. Sup. Traffic Mitigation	0			0	2,480,650	2,480,650	220	2,480,430	0.01%
0536800	Rt. 30/210 Const. Sup. Traff. Mitign	33,250,000		75,000		13,849,355	47,174,355	2,729,563	44,444,792	5.79%
0536900	I-10 Const. Sp., Traffic Mitigation	0			0	200,000	200,000	0	200,000	0.00%
0537000	I-10 Right of Way	0			0	1,550,525	1,550,526	0	1,550,525	0.00%
0543000	I-10 East Projects	10,656,000			0	16,153,766	26,809,766	3,014,735	23,795,031	11.24%
0551400	Measure I Program Management	1,042,192			0	3,310,045	4,352,237	413,665	3,938,572	9.50%
0592200	Debt Service - Major/93 Issue	7,956,427			0		7,956,427	1,989,107	5,967,320	25.00%
0593100	Debt Service - Major/97 Issue	10,524,744			0		10,524,744	2,631,186	7,893,558	25.00%
0594400	Debt Service - Major/96 Issue	5,822,825			0		5,822,825	1,465,297	4,357,528	25.16%
0594700	Local Projects	0			0	541,030	541,030	0	541,030	0.00%
0594800	Debt Service - Major 01/02 Issue	11,725,438			0		11,725,438	2,931,359	8,794,079	25.00%
0594900	Debt Service - Major 01/02 Issue	2,146,578			0		2,146,578	536,644	1,609,934	25.00%
TOTAL PROJECT DEVELOPMENT PROGRAM		85,244,204		75,000		60,934,158	146,253,362	16,520,365	129,732,997	11.30%

TRANSIT / COMMUTER RAIL PROGRAM

TASK#	TASK DESCRIPTION	ORIGINAL BUDGET	AMENDMENTS	BUDGET	ENCUMBRANCES	Preliminary	TOTAL BUDGET	EXPEND.	BALANCE OF TASK	% EXPEND.
0530905	General Transit	221,513				20,000	241,513	21,132	220,381	8.75%
0530910	Omnitrans	30,385					30,385	6,297	24,088	20.72%
0530920	Barstow-County Transit	11,683					11,683	1,465	10,218	12.54%
0530930	Victor Valley Transit	134,375					134,375	3,874	130,501	2.88%
0530940	Morongo Basin Transit	12,033					12,033	789	11,244	6.56%
0530950	Social Service Transportation Plan	154,352					154,352	8,531	145,821	5.53%
0530960	Needles Transit	11,974					11,974	710	11,264	5.93%
0530970	Mountain Area Transit	16,170					16,170	2,116	14,054	13.09%
0535205	General Commuter Rail	462,965				106,239	569,204	72,395	496,809	12.72%
0535220	Commuter Rail Operating Exp.	6,873,250				84,589	6,957,839	29,495	6,928,344	0.42%
0535225	Speedway Rail Operating Exp.	302,700					302,700	2,700	300,000	0.89%
0535230	Commuter Rail Capital Expenses	1,536,600		481,250		2,595,442	4,613,292	0	4,613,292	0.00%
0535260	Redlands Rail Feasibility Study	70,122					70,122	0	70,122	0.00%
0535290	Gold Line Phase II	1,386,273					1,386,273	33,955	1,352,318	2.45%
TOTAL TRANSIT / COMMUTER RAIL PROGRAM		11,224,395		481,250		2,806,270	14,511,915	183,460	14,328,456	1.26%

TRANSPORTATION PROGRAMS & FUND ADMIN. PROGRAM

TASK#	TASK DESCRIPTION	ORIGINAL BUDGET	BUDGET AMENDMENTS	BUDGET	Preliminary ENCUMBRANCES	TOTAL BUDGET	EXPEND.	BALANCE OF TASK	% EXPEND.
0537300	Federal/State Fund Administration	513,491				513,491	89,061	424,430	17.34%
0550100	Federal/Transit Act Programming	50,145				50,145	303	49,842	0.60%
0550200	TDA Administration	235,898		0	18,958	254,856	14,081	240,775	5.53%
0550400	Measure I Admin - Valley	327,044				327,044	17,001	310,043	5.20%
0550500	Measure I Admin - Mt./Desert Gen.	151,073				151,073	21,871	129,202	14.48%
9180000	Valley Measure I Local	17,892,320				17,892,320	4,383,216	13,509,104	24.50%
9180100	Mountain/Desert Measure I Local	18,635,406				18,635,406	4,621,958	14,013,448	24.80%
0551300	Measure I Valley E & H	5,106,487			2,455	5,108,942	505	5,108,437	0.01%
0590700	Debt Service - Big Bear/92	108,183				108,183	27,046	81,137	25.00%
0590800	Debt Service - Mt./Unincorpor./92	45,926				45,926	11,481	34,445	25.00%
0592400	Debt Service - Yuca Valley/93	131,017				131,017	32,754	98,263	25.00%
0594600	Debt Service - Barstow/96	746,363				746,363	177,000	569,363	23.72%
0595000	Debt Service - Yuca Valley/01 Issue B	35,347				35,347	8,837	26,510	25.00%
TOTAL TRANSP. PROGRAMS & FUND ADMIN.		43,978,700	0	0	21,413	44,000,113	9,405,114	34,594,999	21.38%

PROGRAM SUPPORT/COUNCIL OF GOVERNMENTS PROG.

TASK#	TASK DESCRIPTION	ORIGINAL BUDGET	BUDGET AMENDMENTS	BUDGET	Preliminary ENCUMBRANCES	TOTAL BUDGET	EXPEND.	BALANCE OF TASK	% EXPEND.
0510400	Intergovernmental Relations	535,212				535,212	75,014	460,198	14.02%
0549000	Council of Govts. New Initiatives	173,913				173,913	0	173,913	0.00%
0550300	Legislation	383,023			190,249	573,272	88,093	485,179	15.37%
0560500	Publications & Public Outreach	927,538			85,231	1,012,769	314,076	698,693	31.01%
0594200	Financial Management	118,434			53,436	171,870	52,267	119,603	30.41%
TOTAL PROGRAM SUPPORT/COUNCIL OF GOVMTS PROG.		2,138,120	0	0	328,916	2,467,036	529,450	1,937,587	21.46%

GRAND TOTALS

148,431,353	602,650	67,285,671	216,319,674	27,483,362	188,836,312	12.70%
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- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
 - San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies
-

Minute Action

AGENDA ITEM: 6

Date: December 8, 2004

Subject: SANBAG 2005/2006 Budget Schedule

Recommendation:* Approve the SANBAG 2005/2006 Budget Schedule

Background: SANBAG staff has initiated preparation of the 2005/2006 SANBAG budget. This item contains the recommended schedule for development, consideration and adoption of the budget for the next fiscal year.

The Administrative Committee is the primary committee for policy input into the development and review of the budget. Each of the SANBAG policy committees are also scheduled to consider proposed tasks under their purview during the months of February and March.

A full SANBAG Board of Directors budget workshop is scheduled in conjunction with the May Administrative Committee meeting for consideration prior to adoption at the June Board of Directors meeting.

This item provides notice of the opportunities for policy input into the budget process and also provides for any additional policy direction that the Administrative Committee may impart in advance of budget presentation.

Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved: _____ *Second:* _____

In Favor: _____ *Opposed:* _____ *Abstained:* _____

Witnessed: _____

Admin. Agenda Item
December 8, 2004
Page 2

Financial Impact: This item has no immediate impact upon the SANBAG budget.

Reviewed By: This item will be reviewed by the Administrative Committee on December 8, 2004.

Responsible Staff: Susan Van Note, Chief Financial Officer

**SANBAG 2005/2006
BUDGET PREPARATION
BUDGET SCHEDULE**

DATE	ACTIVITY	RESPONSIBLE PARTY
December 8, 2004	Administrative Committee Review and Discussion of 2005/2006 Budget Schedule	Van Note
January 5, 2005	Board Approval of 2005/2006 Budget Schedule	Van Note
March 9, 2005	Administrative Committee Review of Tasks, Finalize Tasks	Van Note, Executive Staff
March 9, 2005	Commuter Rail Committee Review of Tasks, Finalize Tasks	Bair
March 10, 2005	Major Projects Committee Review of Tasks, Finalize Tasks	Kettle
March 16, 2005	Plans and Programs Review of Tasks, Finalize Tasks	Schuiling, Exec Staff
March 18, 2005	Mountain/Desert Committee Review of Tasks, Finalize Tasks	Barmack, Exec Staff
April 13, 2005	Administrative Committee Program Review of Budget and Work Programs	King, Van Note
April 2005	Continued Policy Committee Program Review of Budget as Required	Executive Staff
April 27, 2005	Publish notice of Public Hearing on Adoption of SANBAG Budget	Watson
May 4, 2005	Board of Directors Presentation of 2005/2006 Budget and Draft Budget Distribution	King, Van Note
May 11, 2005	Administrative Committee and Board of Directors Budget Workshop	King, Van Note, Executive Staff
June 1, 2005	Board of Directors Adoption of Budget and Appropriations Limit	King, Van Note

- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 7

Date: December 8, 2004

Subject: Policy on Cancellation and Rescheduling of Meetings

Recommendation:* Approve amendment to SANBAG Policy 10000, Policy Committee Relationships and Procedures, to add provisions for cancellation and/or rescheduling of Board of Directors and Policy Committee meetings.

Background: Based upon a SANBAG Board Member request, SANBAG staff has developed the proposed addition to SANBAG Policy No. 10000, Policy Committee Relationships and Procedures, to document steps to be taken in instances when meetings of the Board of Directors and/or SANBAG Policy Committees are cancelled or rescheduled.

The proposed addition is indicated in **bold print** in the attached policy as **VI. CANCELLATIONS AND SCHEDULE CHANGES**. The amendment calls for early announcement and notification of cancellations and schedule changes, to the extent possible, as well as consultation with Board or Committee officers. Mechanisms for notification of Board Members and interested parties are identified.

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Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved:

Second:

In Favor:

Opposed:

Abstained:

Witnessed: _____

This amendment documents practices employed at SANBAG. Incorporation of this practice into adopted policy will clarify expectations when cancellations or schedule changes occur.

Financial Impact: This item has no impact upon the adopted SANBAG budget.

Reviewed By: This item is scheduled for review by the Administrative Committee on December 8, 2004.

Responsible Staff: Deborah Robinson Barmack
Director of Management Services

San Bernardino Associated Governments	Policy	10000
Adopted by the Board of Directors March 1, 1989	Revised	Draft 12/8/04
Policy Committee Relationships & Procedures	Revision No.	9

Table of Contents
Purpose Definitions Policy Determining Quorum Procedures Cancellations and Schedule Changes Revision History

I. PURPOSE

The purpose of this policy is to establish the relationships and procedures by which SANBAG Policy Committees operate.

II. DEFINITIONS (None)

III. POLICY

The SANBAG Board of Directors provides for involvement of all county supervisors and representatives from each of the cities within the County. The size of the Board, however, makes it extremely difficult to engage in detailed discussions of the varied issues which may come forward on any one agenda. The standing policy committees shall be created to provide opportunities for more thorough discussion and understanding of issues in particular functional or geographic areas.

A. Commuter Rail Committee

The responsibility of the Commuter Rail Committee shall be to:

- Provide policy guidance and recommendations to the SANBAG Board of Directors and Southern California Regional Rail Authority delegates with respect to commuter rail service in San Bernardino County.

B. Administrative Committee

The responsibilities of the Administrative Committee shall be to:

- Provide general policy oversight which spans the multiple program responsibilities of the organization and maintains the comprehensive organizational integrity;
- Provide policy direction with respect to administrative issues, policies, budget, finance, audit, and personnel issues for the organization. ; and
- Serve as policy review committee for any program area which lacks active policy committee oversight.

- The Administrative Committee shall have the authority to approve expenditures of up to \$25,000 with Board of Directors ratification to follow. Refer to Policy 11000, Contracting and Procurement Policy.

C. Major Projects Committee

The responsibility of the Major Projects Committee shall be to:

- Provide policy guidance and recommendations to the SANBAG Board of Directors on issues related to the Measure I Major Projects in the Valley.

D. Mountain/Desert Committee

The responsibility of the Mountain/Desert Committee shall be to:

- Provide ongoing policy level oversight related to the full array of SANBAG responsibilities as they pertain specifically to the Mountain/Desert subregion. The Committee shall also meet in conjunction with the Mountain/Desert Measure I Committee as it carries out responsibilities for Measure I Mountain/Desert Expenditure Plan.

E. Plans and Programs Committee

The responsibilities of the Plans & Programs Committee shall be to provide ongoing policy level oversight for:

- The countywide Comprehensive Transportation Plan and input into the revisions of the Regional Transportation Plan;
- Congestion Management Program (CMP) revisions, policies relative to Deficiency plans, state and federal funding and programming requirement and related issues;
- Programs to implement or coordinate subregional or local transportation control measures; and
- Programming issues related to the CMP Capital Improvement Program, the Regional Transportation Improvement Program (RTIP) and air quality conformity.

The Plans & Programs Committee shall have the authority to approve expenditures of up to \$25,000 with Board of Directors ratification to follow. Refer to Policy 11000, Contracting and Procurement Policy.

IV. DETERMINING QUORUM

A quorum shall be required for SANBAG Policy Committees to conduct business. In the absence of a quorum, committees may act as a committee of the whole for the purpose of discussing issues and making informal recommendations.

A quorum shall consist of a majority of the membership of each SANBAG Policy Committee, except that all County representatives shall be counted as one for the purpose of establishing a quorum.

Example: The Plans and Programs Committee is composed of nine city members and five members of the Board of Supervisors. Under this policy, all five members of the Board of Supervisors count as one for purposes of a quorum, making the quorum six members.

V. PROCEDURES

1. Agenda materials shall indicate which policy and/or technical committees have reviewed the items and will contain any specific recommendations of committees.
 2. It shall be the standard practice for all items to come before a SANBAG Policy Committee prior to placement on the Board of Directors agenda.
 3. The SANBAG Policy Committee may consider and make recommendations on any items coming before the committee. The SANBAG Policy Committee may recommend approval, denial, or a modification of the staff recommendation.
 4. All recommendations coming before the Board of Directors shall contain the SANBAG Policy Committee recommendation.
 5. The Board of Directors shall make the final determination on all recommendations presented by committees.
-

VI. CANCELLATIONS AND SCHEDULE CHANGES

A. Decisions to Cancel or Reschedule Meetings

From time to time, there may be reason for cancellation or rescheduling of SANBAG policy committee or Board of Directors meetings due to lack of pressing business, conflict with holidays or other critical meetings, emergencies, or other unforeseen circumstances.

Every effort should be made to identify the need to cancel or reschedule a meeting well in advance so that appropriate notification of members and interested parties can take place.

- 1. If consideration of cancellation is taking place due to lack of pressing business, the Executive Director or the responsible senior staff person shall consult with the SANBAG President or Policy Committee Chair. If contact cannot be made, every effort shall be made to consult with policy leadership (SANBAG officers and/or committee vice-chair) prior to a final determination.**
- 2. In the case of emergency situations, every effort shall be made to follow the aforementioned process and/or consultation with SANBAG officers prior to final determination.**

B. Notification of Cancellation or Rescheduling of Meeting

When the decision to cancel or reschedule a meeting has been made, the following notification steps should be taken, as appropriate:

- 1. Announcement and notification in printed agenda materials at the meeting preceding the canceled or rescheduled meeting.**

2. Announcement at the Board of Directors meeting preceding the cancelled or rescheduled meeting.

3. Notification of members and interested parties by email, FAX, telephone, posting on the SANBAG web site, and/or mailed notification, as appropriate to the circumstances.

VII. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted.	03/01/89
1	Added Section III.B: Admin. Committee	12/06/89
2	Added Section III.C: Major Projects	01/02/91
3	Added Section III.D: Mountain/Desert Committee	06/05/91
4	Added Section III.E: Plans and Programs	09/07/94
5	Added Section V: Procedures	02/03/93
6	Added Section IV: Determining Quorum	02/05/97
7	Changed name from Task Force to Committee.	08/05/98
8	Added the following to Par. III.E: "The Plans and Programs Committee shall have the authority to approve expenditures of up to \$25,000 with Board of Directors ratification to follow", which was approved by the SANBAG Board on July 5, 2000 for Policy 11000 but was never incorporated into this policy. Added links to Policy 11000.	06/13/03
9	Added par. VI; Revision History changed to par. VII.	

- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 8

Date: December 8, 2004

Subject: SANBAG Financial and Project Management Software Needs

- Recommendation:** *
1. Receive report on evaluation of SANBAG Financial and Project Management Software Needs completed by Government Finance Officers Association (GFOA) and direct staff to proceed with Option I, maximized use of the Regional Council Management System (RCMS) software.
 2. Note staff committee recommendation to renew the contract with TH Enterprises for routine support and network management.

Background: On February 5, 2003, the SANBAG Board approved Contract No. 03-021 with the Government Finance Officers Association to perform an evaluation of SANBAG's financial and project management software and determine the need for a new financial and project management system. The deliverable for Phase I of the contract was the Needs Assessment Report, which was provided to SANBAG in final form in November 2004. The report also identified strategic options; a recommendation for SANBAG to pursue; and an overview of the financial software marketplace.

During the course of the evaluation, four GFOA team members made three on-site visits to SANBAG. On the visits, GFOA surveyed and conducted interviews of SANBAG executive staff, administrative/professional personnel and the

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Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved:

Second:

In Favor:

Opposed:

Abstained:

Witnessed: _____

support group relative to their programmatic needs and use of the existing system. This involved review of general ledger, purchasing, accounts payable, budget, project accounting, accounts receivable, revenue, grant management, fixed assets, and project management systems, as well as off-system use of spreadsheet applications used for project management. Additionally, the GFOA technology group performed an independent evaluation of an on-line demonstration of the Regional Council Management System (RCMS) project management capabilities.

GFOA produced three strategic options for SANBAG:

Option I - Continued use of RCMS by SANBAG with increased efforts to maximize full functionality of the software at an estimated cost from \$100,000+.

Option II - Procurement of a stand alone project accounting/management package which could be developed to work in concert with RCMS.

Option III - Procurement of a new integrated financial software program at an estimated cost of \$1.1m or more.

GFOA recommends that SANBAG first consider Option I, which is maximizing the use of RCMS and developing specifications for refinements of RCMS which may improve its functionality in problem areas. This option is recommended because SANBAG can continue to use the specialized RCMS product with minimal disruption to day-to-day activities in a very cost effective manner. Choice of this option will also lay the foundation for movement to Option II or Option III, should that more ambitious and costly move eventually be required. The Executive Summary and Chapter 6, Options and Recommendation, are included with this item for information purposes.

The SANBAG staff committee working on this project consisted of the directors of planning and programming, transit and rail programs, and management services; the chief financial officer; and a representative of the construction management group. The committee recommends that SANBAG proceed with Option I, as recommended by GFOA and that the GFOA contract be terminated without completion of Phase II and III, which involved development of a request for proposals and selection of new software.

The SANBAG staff committee recommends that the contract for network administration and management consultation with TH Enterprises be renewed to provide for SANBAG's routine support and network management. Additionally,

the Committee would like to continue its work to identify any desired modifications and/or upgrades which may be advisable to maximize functionality of the RCMS software. At such time as this work advances, a contract amendment will be recommended to provide for the identified software modifications.

Financial Impact: This item has no direct impact upon the adopted SANBAG budget. Determination of a long term strategy to address SANBAG's future financial and project management needs will have considerable financial and operational impacts for SANBAG over the next ten years.

Reviewed By: This item is scheduled for review by the Administrative Committee on December 8, 2004.

Responsible Staff: Deborah Robinson Barmack
Director of Management Services

[Chapter 1]

EXECUTIVE SUMMARY

1.0 INTRODUCTION

San Bernardino Associated Governments (SANBAG) is the council of governments and transportation planning agency for San Bernardino County, California. SANBAG is responsible for cooperative regional planning and furthering an efficient multi-modal transportation system countywide. The organization serves nearly 1.8 million residents of San Bernardino County. As the County Transportation Commission, SANBAG supports transportation planning and programming, freeway, construction projects, regional and local road improvements, train and bus transportation, railroad crossings, call boxes, ridesharing, congestion management efforts and long-term planning studies.

SANBAG engaged the Government Finance Officers Association (GFOA) to conduct a Needs Assessment, to determine the organization's need for a new financial and project management system. The objective of the assessment was to answer the question: *Is there a business case for SANBAG to purchase a new system?* The assessment was also intended to identify various strategic options that may be pursued by SANBAG, as well as to recommend the most favorable option. This summary highlights the methodology used to formulate our conclusions, along with providing an overview of the major findings related to the current system environment. The summary also provides an overview of the financial software marketplace, including detailed information related to the current SANBAG software provider.

The project scope, and all related interviews, surveys, and tasks were limited to the modules listed in the agency's Scope of Work including: General Ledger, Purchasing, Accounts Payable, Budget, Project Accounting, Accounts Receivable, Revenue, Grant Management, Fixed Assets, and Project Management Systems.

Even though modern technology can provide public agencies with tremendous opportunities and benefits, the cost and magnitude of these initiatives requires careful consideration and planning, as the technology strategy and choices of an organization today can have a long-term impact. This report presents results from a systematic assessment of SANBAG's financial and administrative systems.

1.1 OVERVIEW

Governments have been drawn to new financial management solutions for many of the same reasons of private businesses. New systems often yield improved customer service, increased operational efficiency, and better access to information. As elected officials and public service professionals continue to seek new ways to change traditional management practices in favor of more dynamic business processes, technology has been a major component of these efforts. The emergence of client/server computing, integrated relational databases, Internet connectivity and electronic document management are allowing organizations to conduct their businesses better, faster, and smarter. Deploying new technology in the functions of government is fast becoming the key to improving customer satisfaction and efficiency in service delivery.

SANBAG took the first step to meeting many of the needs described above by implementing an integrated component system to handle the majority of its' financial and administrative data processing needs. The system currently being utilized is the Regional Council Management System (RCMS) financials solution, which was developed by TH Enterprises, Inc. (TH), a firm that specializes in developing financial solutions for regional Councils of Government. SANBAG initiated the original contract with TH in 1990, and has extended the contract until September of 2004. TH has provided development, implementation and support services for the SANBAG computer network and has also provided technical assistance on use of RCMS software.

SANBAG's current financial system consists of the main software system (RCMS) that is an enterprise wide software solution designed specifically for small to large regional councils, tribal governments, planning commissions, transit authorities, and other similar agencies. The system consists of the general ledger, accounts payable, payroll time entry, accounts receivable, contact management, log correspondence and the Director's Query Reporting System (DQRS). The County of San Bernardino provides payroll and benefits administration for SANBAG utilizing their EMACS payroll system. SANBAG maintains human resources, time keeping, and allocation of salary to projects using RCMS.

In April 2003 SANBAG retained the Government Finance Officers Association (GFOA) to conduct a needs assessment of the functionality available within the RCMS system. The goals for this project are to determine the level of need for a new technology environment, evaluate RCMS as a viable option for SANBAG, and evaluate the organization's options related to the procurement of a more effective solution, perhaps an Enterprise Resource Planning (ERP) System.

1.2 SCOPE OF THE PROJECT

Over the past several years, GFOA has provided needs assessment and system selection services to a multitude of cities, counties, states, and special district governments. Through our extensive experience in technology consulting, we have developed a standard method of evaluation that has been refined through lessons learned in the field, through needs assessment concepts and practices in the social sciences, and in particular, through evaluation research. The results of GFOA's assessment of the current system were derived from these five tasks:

- Task I:** Evaluation of the current financial and administrative system.
- Task II:** Identification of standalone systems, spreadsheets and databases.
- Task III:** Compilation of market research on enhanced functionality that major application software vendors might provide beyond current system capabilities.
- Task IV:** Research into the market and solution strategy of the current software vendor, along with a study of current utilization of the software.
- Task V:** Development of a summary report synthesizing project findings and specifying alternative courses of action available to SANBAG.

1.3 CURRENT SYSTEM FINDINGS

SANBAG's Financial Management system consists not only of technology, but also of people, processes, policies, and procedures. It is important that all of these areas be considered when evaluating the current system environment. From a technological perspective, that environment consists of multiple modules that comprise a single software solution and other functionality customized by the software provider to meet specific business processes. It also includes several solutions developed internally for specific operations areas of the organization. The main financial system and backbone of the current environment is the RCMS system referred throughout this report. The Human Resources/Payroll (EMACS) software package resides at the County of San Bernardino and processes SANBAG personnel payroll as part of an agreement between the two entities. This relationship works adequately and is not being considered for replacement, except for the basic means of time reporting that is utilized by all SANBAG employees. In addition, SANBAG uses a series of isolated applications for a variety of different business functions, as well as multiple spreadsheets and a series of manual procedures.

The immediate challenges posed by the present state of the system relate largely to information fragmentation and the lack of functionality in the project accounting and project management areas. As currently utilized, many transactions are initially recorded on paper, then in the financial system, then again to one or multiple spreadsheets and databases where they are maintained manually.

The challenges of the current SANBAG system become more pronounced when the needs of the future are addressed. The system does not support efforts to streamline workflow processes. It does not allow for the direct transaction of business with vendors and other agencies. It will not interface with auditing, grants, and other appropriate systems at other government agencies if this is a future need. Without increased functionality being made available, users will continue to develop and utilize point solutions to track detailed program information.

1.4 STRATEGIC VISION FOR SYSTEM UPGRADE OR REPLACEMENT

Recognizing the importance of investing in technology is rarely enough to ensure the success of an IT project. Organizations must develop a vision for how they will deploy new technologies to achieve the full benefit of their investment. As the first step in GFOA's research, we assessed the strengths and weaknesses of the current computing environment. During this process, GFOA helped facilitate discussions with SANBAG management and staff to identify the key business drivers for augmenting or replacing the current system and also helped to define a vision for what a new system should accomplish. Chapter 3 of this report provides a full analysis of the strengths and weaknesses of the current system, identifying the key business drivers for technology improvement, and generating a strategic vision for the project. The following information summarizes the key findings from Chapter 3.

One of the most important steps in evaluating the viability of a new financial management system is to determine what an organization's goals are in undertaking such an endeavor. The following is a summary of the business drivers identified by SANBAG for considering system alternatives.

- *Mitigate Financial Risk:* Avoid system failure or support disruption that could impact the financial administration and operations of SANBAG.
- *Improve Operational Efficiency.* Improve the efficiency of SANBAG operations by eliminating paper-based processes, redundant data collection, and duplicative business functions.
- *Improving Financial Management and Decision-making.* Provide decision support information to managers to enable them to make informed decisions that foster better results.
- *Efficiency.* Implement processes that will increase the efficiency of the wide-ranging programs and projects that SANBAG supports, by facilitating the exchange of accurate and timely revenue and expenditure information between SANBAG and its funding agencies. Note: This is an undefined future need.
- *Cost Saving (Long-Term).* Reduce the long-term cost of SANBAG operations and continue to maintain consistent and stable operating expenses for SANBAG.

Current System Strengths

While the strengths of the current system may or may not be enough to continue its operation, it is important to understand what the current system does well in order to ensure that future software solutions maintain such functionality. The strengths of the current system identified by GFOA are as follows:

- *Ease of Use.* In the administrative areas and for financial transactions the system is simple to use.
- *Reliability.* System has been reliable in processing most financial data.
- *Industry Awareness.* The current system has been developed specifically for agencies such as SANBAG and has been developed for association of government business processes.
- *Customization to Organization Need.* SANBAG utilizes several solutions built-in to the main product such as Measure I Allocations that are integral to the business of the agency.

GFOA developed surveys, conducted face-to-face interviews, and observed demonstrations of software module functions in order to understand the deficiencies within the current environment. Below is a summary of key findings surrounding the weaknesses of the current systems as currently utilized.

- *Lack of Integration.* SANBAG's business functions are supported by a series of incompatible systems using separate platforms and different databases, thus access to data is extremely difficult.
- *Redundancy of Data Entry.* Current systems require double entry and manual processes that introduce issues of data integrity and lack of productivity into the business process.
- *Information Fragmentation.* Information in the current environment is stored in a series of isolated locations, primarily spreadsheets and databases. Managers and decision makers are forced to search several different systems to find the information they need among these "islands" of data.
- *Access to Historical Data.* Access to historical data is either not available, or is frustrating and cumbersome to obtain.
- *Weak and Rigid Reporting.* The main financial system is difficult to query for real-time information. Accessing data in user-defined categories is impossible, making it more difficult to provide specific information in a useful format for management and decision-making.
- *Lack of Project Accounting Functionality.* SANBAG business activity is primarily conducted through projects, which often require activity that is multi-year in nature. However, the RCMS system is not currently configured to accommodate project accounting functionality. Departments have developed their own database and spreadsheet applications to work around the main system.
- *Lack of Detailed Tracking Ability.* Many of the organization's projects are broken down into phases, tasks, and sub-tasks. However, the current system does not allow these levels of detail to be tracked. Further, the system cannot associate detailed contract information with task level expenditures. Spreadsheets and databases are also utilized to provide departments the ability to track in further detail.
- *Difficulty of Grant Tracking.* Detailed grant tracking must be conducted outside of the RCMS system, and is typically done in spreadsheets and databases. Over time, these disparate applications have become extremely complex and inefficient to use, resulting in significant work effort and redundant data entry.
- *Incompatibility with Desktop Applications.* The data structure within the current system is incompatible with desktop applications, and requires end-users to re-key information into spreadsheet applications for analysis.

1.5 OPTIONS

Based on the analysis of SANBAG's current environment, the ERP market analysis and research conducted in conjunction with TH Enterprises included in this report, the GFOA has identified three potential options for the agency to consider. Each option, and its associated advantages and disadvantages, is detailed in Chapter 6.

OPTION 1-RETAIN THE CURRENT SYSTEM UTILIZING FUNCTIONALITY ENHANCEMENTS AND UPDATED TRAINING. SANBAG has the option of retaining its current financial and administrative management systems, but should request a formal plan from TH for implementing increased functionality. TH would have to provide SANBAG with a detailed plan for updating or configuring the software, and SANBAG would need to take several internal steps to ensure that they are utilizing RCMS to its optimum capacity. Configuring the system to meet the unmet needs, allocating staff time to training on the new processes, and budgeting the appropriate amount of funds for consulting expenses would be elements of a pro-active plan to maintain the current financial system. SANBAG would first move forward with a detailed set of system specifications, and invite TH to reply with a strategy to bring system enhancements to SANBAG. Specifications would be limited to project accounting and project management functionality only. With this option, SANBAG would continue to utilize the general ledger, accounts payable, accounts receivable, purchasing, and payroll and budget systems of RCMS along with the customized components. This option could come at a much lower cost than selecting a full ERP system. It would limit the staff commitment by SANBAG, decrease implementation risk by narrowing the scope of the project, and avoid disruption of the present operation. After evaluating TH's proposal, if SANBAG feels that the solution is lacking, it can still move forward with a competitive procurement of project cost and project management software.

OPTION 2: PROCURE STAND ALONE PROJECT ACCOUNTING/MANAGEMENT SOFTWARE. This strategy would continue to use the specifications developed to evaluate TH, but would use them to invite proposals from a larger group of project management/project accounting system vendors. There is a large number of niche vendors that provide software solutions, and this approach would be anticipated to bring Tier II functionality in these areas. However, it is important to note that under this option SANBAG would still continue to utilize the existing RCMS system as is, because the opportunity to enhance the system would be forgone for a third party solution in the project areas.

OPTION 3: PROCUREMENT OF INTEGRATED FINANCIAL SOFTWARE. SANBAG would pursue a competitive process to procure an enterprise financial system best suited to address the needs of the Agency. With this option, SANBAG would purchase and implement the following modules: General Ledger/Budget Management, Project Accounting, Grant Management, Accounts Payable, Purchasing, Accounts Receivable, Budget Preparation, Fixed Assets, Time and

Attendance, and Cost Accounting. Project Accounting and Grant Management systems would be implemented under this option for enhanced integration and SANBAG will utilize all relevant features within each module.

1.6 RECOMMENDATIONS

As SANBAG considers future software solutions, the organization should seriously consider the upgrade and expanded use of RCMS. According to our survey, follow up telephone interviews with TH, and a Web demonstration of the software, it appears that TH has functional capabilities that are currently being underused by SANBAG.

Based on the needs analysis, market research, and discussions with TH, GFOA recommends that SANBAG further evaluate Option 1. This Option also allows SANBAG a fall back position to evaluate Option 2 if RCMS is deemed inadequate in the areas of project accounting and project management. The main benefits of continuing with RCMS in an enhanced capacity are many. In the near term, there will be no disruption to the agency business processes and IT support will continue. Once in place, process changes adopted during implementation must continue to be observed for the benefits of new functionality to be gained.

The estimated costs and benefits of each option differ. Ranging from a low of \$108,000 and a three month implementation timeframe for Option 1, and over \$1.1 million with an implementation timeframe of nearly one year for Option 3, SANBAG faces a significant decision. The TH product is tailored to a niche market, but its product development strategy is reactionary in nature. If customers suggest enhancements, TH will begin development. This approach contrasts significantly with larger firms, cited in Options 2 and 3. The development approach, which is more common with larger vendors, is more proactive, suggesting enhancements that may not have been considered by the client. For this reason, the rate of projected benefits is higher in Options 2 and 3, and in the long run may present more potential for SANBAG. Under any of the options, training, implementing new functionality, and process improvements will require the commitment and dedication of the organization. This type of project will demand the support of SANBAG's leaders behind these efforts, to maintain a highly visible commitment throughout the duration of the project.

- The up-front costs to implement this option will be the lowest of the options presented. Implementation risk would also be reduced, due to the limited scope of enhancing and training on RCMS, and by implementing within an environment familiar to staff.
- Internal costs would be lower since SANBAG would commit fewer resources than would be required to roll out an entire enterprise financial and administrative system.
- By retaining the current financial system, training on new system functionality will not disrupt business processing and the institutional knowledge built up by many system users.
- By retaining the current system, SANBAG will continue to utilize customized modules, such as Measure I Allocations and Revenue Recognition, which may not be duplicated in another software to the satisfaction of the staff.
- Upgrading the RCMS system should enhance the organizations ability to track vendors and contracts and help to manage pass-through funding of various member governments.
- By reducing redundant data entry and manual processes, staff can devote less time to "transaction processing" and shift their focus to a "decision-support" role.

The GFOA understands the significant financial challenges confronting government organizations. However, whether the challenges currently facing SANBAG are the result of the economy, growth, and/or citizen demands for services, the organization has a solid business case to enhance its core administrative systems. If SANBAG agrees with the need for improved functionality, it should begin by establishing the preliminary range for a project budget. SANBAG could then approach the development of a procurement and implementation strategy in a thoughtful and more strategic manner.

1.7 ACTION STEPS UNDER THE RECOMMENDED PLAN

If SANBAG decides to proceed with the process of implementing RCMS to its optimum functional level, the next steps are to determine a procurement and implementation strategy and issue a formal invitation to TH to propose services. A thoughtful rollout strategy for an upgrade is critical in light of the lasting impact of a new system implementation. GFOA proposes the following strategy. Though SANBAG may wish to alter some of the details, GFOA strongly encourages the organization to adhere to a system procurement strategy that includes a multiple step procurement and evaluation process listed below. If TH convinces SANBAG that it can meet the

project accounting and project management needs, development of an RFP for a project system may be precluded.

- *Develop Requirements* - GFOA recommends that SANBAG develop detailed system requirements in each area that users have defined as deficient. Although project cost accounting and project management are the greatest areas of need, this opportunity will enable SANBAG to leverage RCMS to the fullest extent possible. The requirements will structure the configuration of RCMS, provide a basis for warranty provisions if a contract is reached, and structure the conditions where change orders are valid. GFOA has assisted many governments in a similar process, is already engaged to provide these services, and can assist SANBAG with a fast track approach to requirements definition and a procurement structure, based upon its existing knowledge of your business processes.
- *Invite TH to Respond* - TH should be formally invited to respond to SANBAG with a written plan to design and configure the required functionality. The response should include a schedule of work effort, the number of hours supplied by TH, the number of hours required from SANBAG staff, warranty language, and many other project details. A formal response provides a basis for negotiation and evaluation of TH's capabilities in the next step.
- *Evaluate Response* - SANBAG should evaluate the TH response, with a process established in advance, to determine the degree of fit with its desired functionality, the amount of customization required, the cost in financial and work effort terms, and the benefits anticipated to be received. GFOA has an established methodology for proposal evaluation and can assist SANBAG in this area. At this point an evaluation will be possible whether the TH enhancement is sufficient to meet long term needs, or if the solicitation effort should be expanded to include third party software products for project cost accounting and project management functionality.
- *Negotiate Agreement* - If SANBAG moves forward with the TH proposal, GFOA can assist with structuring the contract negotiations process, and support your legal and procurement resources with industry-specific knowledge. Developing an effective contract is the first step to ensuring implementation success, and GFOA has assisted numerous California public entities in this role.

[Chapter 6]

OPTIONS AND RECOMMENDATION

6.0 OVERVIEW

SANBAG has indicated that users would benefit from the addition of Project Management and Project/Grant Accounting to the functions presently in use. According to GFOA's research of RCMS, this functionality is already available, but as yet unimplemented by SANBAG.

Three options are presented for SANBAG's consideration. In Option I, GFOA recommends that SANBAG assemble business requirements for Project Management and Project/Grant Accounting functions. Because TH represents that this functionality is available, and due to SANBAG's relationship with TH for system maintenance, GFOA recommends that SANBAG approach TH directly and invite them to formally respond to these requirements. This procurement approach will provide the opportunity to evaluate the degree of functionality that RCMS can provide, along with formalizing the cost and implementation effort required to configure the system. The goal of Option I is to maintain the RCMS system as the enterprise system for SANBAG.

In the event that Option I proves unsatisfactory, Options II and III are presented as fallback positions, with incremental steps toward a solution to meet SANBAG's needs. Each option is accompanied by a discussion of the associated advantages and disadvantages. The conclusion of the chapter provides a cost analysis and a detailed recommendation for action that GFOA believes to be most viable for SANBAG.

6.1 OPTION I – RETAIN TH AND IMPLEMENT ADDED FUNCTIONALITY

Under Option I, SANBAG would retain its current financial and administrative management systems, but formally specify project cost accounting and project management functions and solicit a response from TH. The goal of this approach is to supplant the present system with enhanced functionality above which is currently in use. GFOA recommends that SANBAG assemble a detailed list of verifiable specifications that define its needs, in addition to a request for an implementation plan to configure the software appropriately. Developing detailed system requirements, allocating staff time to configure system modules, training on system enhancements, and budgeting funds for possible implementation services expenses

should all be part of a comprehensive plan to enhance the current financial system. The key advantages and disadvantages to this strategy are outlined below.

- *Limited New Investment Required.* Retaining the current software eliminates the need for investments in new licenses or implementation services for replacement of the entire financial management system.
- *Continued Support of the SANBAG Information Technology Infrastructure.* Because TH maintains not only its own software, but the other technical infrastructure and data applications of the organization, continuing with the RCMS product would avoid contracting or hiring support resources for a different system.
- *Flatter Learning Curve.* Migration to a different solution requires that in-house staff learn new skills to operate effectively. The learning process occurs through many channels; formal training; experience gained during system design and implementation, and over time through use of the system. Because SANBAG already has a working knowledge of RCMS, the necessary training under Option I is reduced, since much of the system is familiar to users. Training would be necessary for the added functions of project management and project cost accounting, and the opportunity to conduct refresher courses in other modules may be appropriate. This approach is far less extensive than training users in all system functions, as would be the case under Option III, for example.
- *No Disruption of Current Business Processes.* While one of the main advantages of implementing an ERP system is the ability to take advantage of "best business practices," avoiding such an implementation would allow SANBAG to avoid the time, effort and risk associated with reengineering many of their current business practices. Limited reengineering may occur to accommodate the enhanced functionality of RCMS and the related business processes. These areas are primarily focused upon vendor tracking, receivables and revenue tracking, and increased availability of accounting detail.
- *Continuity of Administrative Systems.* Despite the fact that there were several weaknesses identified in RCMS, many users expressed satisfaction with its capabilities overall. Ultimately, RCMS remains functional and business processes are completed. By retaining the current system, implementation of a new system would not disrupt day-to-day business or discard the accumulated institutional knowledge of users.
- *Access to Customized Functionality.* By retaining the current system, SANBAG will continue to utilize customized modules such as Measure I Allocations and Revenue Recognition that may not be duplicated in another product to the satisfaction of the staff.

- *Software Limitations in Existing Systems.* Web-enabled business processes, adoption of best practices, and flexible reporting are areas where RCMS is deficient. Processes such as drill down capability, graphical user interfaces, and sophisticated query and reporting functionality are absent from the current solution. Aside from the obvious lack in efficiency, SANBAG may risk low employee morale if users become frustrated with system limitations. Option I software enhancements are anticipated to reduce, but not eliminate, user frustration in these areas.
- *Dissatisfaction with System Documentation.* Although system support is excellent, the absence of adequate (or any) documentation on the RCMS software cause many users to criticize the RCMS software. The opportunity to enhance RCMS may also present an opportunity to shore up the support service agreement between SANBAG and TH.

Under Option I SANBAG would continue to utilize the EMACS payroll and human resources systems provided by the County of San Bernardino.

6.2 OPTION II – PROCURE STAND ALONE PROJECT ACCOUNTING/MANAGEMENT PACKAGE

Under Option II, SANBAG would move forward with a competitive RFP process, but would limit the scope of the software selection to project cost accounting and project management functionality. Option II is quite similar to Option I, in that it retains TH, and seeks to augment the current solution. This could be done at a much lower cost than selecting a full ERP system, and would limit the staff implementation effort, and decrease implementation risk by narrowing the scope of the project. It would also provide SANBAG with the ability to choose software applications from a wider group of project system vendors. There are a large number of niche vendors that provide software for the specific modules identified. However, it is important to note that under this option, SANBAG would continue to experience many of the difficulties associated with fragmentation of systems. The advantages and disadvantages of Option II are listed below:

Advantages of Option II

- *Moderate Up-front Investment.* The up-front costs to implement this option would be moderate between Options I and III, based upon an implementation of two modules. SANBAG should note that some products may require implementation of the General Ledger module to enable Project Accounting, which could reduce the field of available solutions in this area.
- *Continued Support of the SANBAG Network Infrastructure.* Because TH maintains not only its own software, but also the other technical infrastructure and data applications of the organization, continuing with the RCMS product would forego the need to either hire or contract for additional technical support. Not only will the costs of the additional support be avoided but

the disruption of both technical and business services will also be avoided for the core administrative system.

- *Continued Familiarity with System Functionality.* By retaining the current financial system, training on new system functionality will not disrupt business processing or forego the institutional knowledge accumulated by system users.
- *Access to Customized Functionality.* By retaining the current system SANBAG will continue to utilize modules such as Measure I Allocations and Revenue Recognition that might not be duplicated in another product to the satisfaction of the staff that have become dependent upon it.
- *Reduced Implementation Timeframe.* By limiting the scope to these modules, SANBAG's migration to the new system will likely be completed in a shorter timeframe than if the scope included extensive implementation of new software.
- *Better Matching of Software to Need.* By limiting the number of functions to be replaced, the focus will be on providing the best project accounting and management functionality to the organization, instead of compromising in order to provide the best full collection of systems, as often occurs with full ERP procurements.

Disadvantages

- *Inability to Benefit from Advantages of Full Integration.* By bringing in a third party system, SANBAG would forego the benefits of an integrated TH solution, or a Tier II product.
- *Technological Limitations.* Single system vendors are not as technologically sophisticated as other leading software vendors in regard to modern technology and Web-enablement.
- *Undefined System Support.* SANBAG presently lacks the staff and skill sets to support the systems that would be added under Option II. Absent a support structure that is bundled with the software, Option II would require that SANBAG either develop or contract for resources to provide system support and upgrade installation.
- *Loss of Common Database Advantage.* Again, this feature will be lost only for project functionality, for which information will not be collected in the common database. This will result in a limitation in reporting and workflow capabilities for that function.
- *Cost of Interface Development.* Procuring a project product that differs from RCMS, but one that relies on it in part for information, will require the development of an interface between the two systems, potentially with other systems (Payroll) as well.

6.3 OPTION III – PROCUREMENT OF INTEGRATED FINANCIAL SOFTWARE

Under Option III SANBAG would procure an enterprise system in a competitive process to best suit its needs. In Option III, SANBAG would purchase and implement the following modules: *General Ledger/Budget Management, Project Accounting, Grant Management, Accounts Payable, Purchasing, Accounts Receivable, Budget Preparation, Fixed Assets, Time and Attendance, and Cost Accounting*. Project Accounting and Project Management systems would be implemented under this option for enhanced integration. SANBAG would continue to utilize the EMACS payroll and human resources systems provided by the County of San Bernardino.

Advantages

- *Single Vendor as the "Standard".* ERP vendors seek to encompass the major financial and non-financial applications under the banner of one vendor. The use of third-party software to meet major functions (e.g., Project Accounting) is minimized. ERP vendors also invest a considerable portion of Research & Development in new applications beyond financially oriented solutions (e.g., project management, citizen relationship management).
- *Best Business Practices.* Leading packages embed "best business practices" in their software design. These packages rely on the client to undergo business process reengineering to avoid customization and instead conform to the "vanilla" processes embedded in the software.
- *Organizational Discipline.* Leading packages force standardization of operating processes across organizations. Because customization increases both current and future software costs, organizations generally adopt the "vanilla" processes embedded in the software. An added benefit of this for most governments is greater discipline across departments and agencies.
- *Common Database.* True information integration is accomplished when data is fed into, and extracted from a single database. Some systems use separate databases for HR/Payroll and Financial applications. The proliferation of databases beyond this compromises information integration.
- *Ad-Hoc Reporting.* The reporting features of ERP software are considerably greater than those available in legacy systems that it replaces. Many ERP vendors allow governments to choose more than one reporting tool.
- *Flexible Chart of Accounts (COA) and Budgetary Structures.* The account structure of ERP systems enables users to take full advantage of the underlying relational database technology. Indeed, it is difficult to establish standard or activity-based costing systems or flexible reporting without a properly designed COA.
- *Audit Trails/Drill Down Capability.* Audit trails provide the ability to review all of the history of changes to a database. It is often useful to know which

user changed a particular record (e.g., wage rates in a payroll file) and audit trails provide this feature. Drill down capabilities differ from audit trails, and permit the ability to trace the history of a transaction to the source.

- *High Up-front Investment.* The up-front costs to implement this option would be the highest, based upon a full license requirement and extensive implementation effort. High costs are partially due to the broadest project scope of all options presented.
- *Long Implementation Timeframe.* Full ERP implementation would include replacement of nearly all of SANBAG's business functions. Thus, this option would require the longest implementation timeframe.
- *Resource Requirements from SANBAG Staff.* The broad project scope would necessitate staff participation from nearly all administrative, and some operational, functions in an implementation. Additionally, because a larger number of users are impacted, the collective number of training hours across SANBAG is highest with this option. Because of the limited size of the SANBAG staff, implementation of a complex software product may have a negative effect on day-to-day operations.
- *Risk of Implementation Failure.* ERP products "do more" and are therefore associated with higher risk levels. The main risks stem from organizations that "bite off more than they can chew" and are ill prepared for the degree of process change ERP systems impose.
- *Lack of System Support.* Tier II systems are much more complex than the RCMS system, and typically require a dedicated support resource on staff for database and application maintenance.
- *Loss of Customized Components.* A new system may not duplicate functional areas such as Measure I Allocation that are integral to SANBAG business. At a minimum, costly interfaces may be required to these modules, and the modules themselves may not operate efficiently in a standalone capacity.
- *Broad-Based Product.* Similar to the previous disadvantage, the complexity of the business processes and the wide range of functional needs prevalent at SANBAG may not be met by any single software. RCMS was developed for organizations like SANBAG and few products serve the market niche that includes Councils of Government.

6.4 COST/BENEFIT ANALYSIS

GFOA performed a cost/benefit analysis to contrast the options over a ten year period. Costs were obtained by vendor requests for information (8 responses, total), GFOA's database of vendor proposals for clients similar to SANBAG, and input from the SANBAG team. Appendix A includes detailed information to support each of the options presented.

Option I - Implement RCMS Project Management and Project Cost Accounting.

GFOA requested that TH estimate the work effort necessary to configure these functions and train SANBAG staff in their use. GFOA has adjusted the estimate provided by TH to reflect what it believes is an adequate level of implementation and training effort. This is the least costly option of the three presented, and has a projected payback period of two years.

Option II - Added Functionality from Tier II. Tier II vendors were asked to provide software, implementation and maintenance costs for one year for the purchase of modules that would address the Project/Grant Accounting and Project Management needs. GFOA interpreted these quotes within the context of its experience in procuring software services for many clients similar to SANBAG. This option is more costly, is anticipated to provide more benefits over the long term, and has a projected payback period of four years.

Option III - Comprehensive Tier II Solution. GFOA based its cost estimates for a comprehensive Tier II solution based upon its experience in evaluating software, implementation, and maintenance proposals on a consulting basis. This option encompasses additional functionality for projects, as well as for the purchase of a core financial management system. This is the most costly option presented and it will require the addition of support resources. The report includes the cost of system support as a full time employee in an information technology capacity. The projected payback period is 10 years.

6.5 RECOMMENDATION

Based on the needs analysis, market research, and discussions with TH, GFOA recommends that SANBAG first consider Option I. This Option would also lay the groundwork for Option II, because the system specifications would remain consistent. Many benefits justify continuing with RCMS. The product has been developed specifically for the Council of Government market. Day-to-day business will not be disrupted by a large-scale software implementation, and SANBAG will be able to investigate in detail the functional areas of the software that are not currently utilized. A procurement process for project software will give the entire organization the ability to specify needs and evaluate a wide range of available products. The organization will continue to maintain and utilize its specialized functionality such as revenue recognition while enhancing functionality to streamline business processes.

While there are many benefits attributable to Option III, it entails significant project costs and risks. Foremost, the project imposes serious obligations on SANBAG's senior managers and staff. SANBAG decision makers will need to successfully impose process changes based on the requirements of a Tier II system, and properly coordinate a complex implementation effort.

- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
- San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 9

Date: December 8, 2004

Subject: Computer Administration and Management Services Contract

Recommendation:* Approve Sole Source Contract No. 05-034 with TH Enterprises for Computer Administration and Management Services for an amount not to exceed \$290,642 as specified in the Financial Impact Section.

Background: This item recommends approval of a new three year contract with TH Enterprises for computer administration and management services. Continuation of SANBAG's contractual relationship is recommended by the Government Finance Officers Association (GFOA) as a result of its needs assessment report of SANBAG financial and project management software. Continuation of this contractual relationship is also recommended by the SANBAG staff committee working with the GFOA on the needs assessment.

SANBAG has utilized the services of TH Enterprises since 1990/91 when it developed its first automated financial accounting system and purchased the Regional Council Management System (RCMS) software from TH Enterprises. Since the original purchase, TH Enterprises has written proprietary software for SANBAG for the distribution of Measure I revenue, and provided day-to-day network administration for the SANBAG computer network, consultation on utilization of the RCMS software; management and technical consultation for design and upgrade of the SANBAG network employing use of third party

*

Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved: _____ *Second:* _____

In Favor: _____ *Opposed:* _____ *Abstained:* _____

Witnessed: _____

ADM0412C-DRB
05INDI

software and operating systems; and has coordinated with other SANBAG partners and vendors for integration of other proprietary software into the SANBAG network. SANBAG utilizes contractor support for all of its information technology needs and has no dedicated information technology personnel.

The proposed contract provides for annual pre-paid services from TH Enterprises at a discounted rate for 24 days of consultation for network management and design, as well as 40 days technical support for project management, network engineering, programming, and purchasing services performed on- and off-site. TH Enterprises performs the majority of SANBAG's network and workstation maintenance through twenty-four hour Internet access to the SANBAG network. However, this contract also provides for up to three consultant visits annually and one technical visit, at SANBAG's discretion.

The annual cost of this contract is \$94,096, \$96,847, and \$99,699 respectively, for 2005, 2006, and 2007, which includes expenses and 3% increases in 2006 and 2007.

Sole Source:

In accordance with the adopted SANBAG contracting policy, SANBAG staff has reviewed this contractual relationship and is recommending a new contract without competitive process. It is the assessment of SANBAG staff that the consultant has performed well and, in particular, demonstrates the highest level of responsiveness when timing is critical. It is recommended that this contract be approved without renewed competition due to the consultant's (1) development and maintenance of critical software customized to the Measure I program, (2) provision of several software products designed specifically for councils of government, and (3) unique knowledge of SANBAG's organizational structure, computer network and needs.

Financial Impact:

This contract is for an amount not to exceed \$290,642. This item is consistent with the adopted 2004/2005 budget, Indirect.

Reviewed By:

This item is scheduled for review by the Administrative Committee on December 8, 2004. SANBAG Counsel has been asked to review the contract as to legal form.

Responsible Staff:

Deborah Robinson Barmack
Director of Management Services

ADM0412C-DRB
05INDI

SANBAG Contract No. 05-034

by and between

San Bernardino Associated Governments

and

TH ENTERPRISES, INC.

for

Computer Administration and Management Services

DRAFT

FOR ACCOUNTING PURPOSES ONLY			
<input checked="" type="checkbox"/> Payable <input type="checkbox"/> Receivable	Vendor Contract # _____	Retention: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Original <input type="checkbox"/> Amendment
Notes:			
Original Contract: \$ <u>275,188</u> Contingency Amount: \$ <u>15,454</u>		Previous Amendments Total: \$ <u>0</u> Previous Amendments Contingency Total: \$ _____ Current Amendment: \$ _____ Current Amendment Contingency: \$ _____	
Contingency Amount requires specific authorization by Task Manager prior to release.			
Contract TOTAL →			\$ <u>290,642</u>
Please include funding allocation for the original contract or the amendment			
<u>Task</u>	<u>Cost Code</u>	<u>Funding Sources</u>	<u>Amounts</u>
1 <u>05INDI</u>	<u>5553</u>	INDIRECT	\$290,642

Original Board Approved Contract Date: <u>1/5/05</u>	Start Date <u>1/10/04</u>	Contract End: <u>1/10/08</u>
New Amend. Approval (Board) Date: _____	Amend. Start: _____	Amend. End: _____
If this is a multi-year contract/amendment, please allocate costs among fiscal years:		
Fiscal Year: <u>2005</u> \$ <u>47,048</u>	Fiscal Year: <u>2006</u> \$ <u>95,472</u>	Fiscal Year: <u>2007</u> FY <u>2008</u> \$ <u>98,273</u> \$ <u>49,849</u>
Is this consistent with the adopted budget? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
If no, has the budget amendment been submitted? <input type="checkbox"/> Yes <input type="checkbox"/> No		

CONTRACT MANAGEMENT	
Please mark an "X" next to all that apply:	
<input type="checkbox"/> Intergovernmental <input checked="" type="checkbox"/> Private <input type="checkbox"/> Non-Local <input type="checkbox"/> Local <input type="checkbox"/> Partly Local	
Disadvantaged Business Enterprise: <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes _____%	
Task Manager: Susan Van Note	Contract Manager: Deborah Barnack

Task Manager Signature _____ Date <u>12-2-04</u> Chief Financial Officer Signature _____ Date _____	Contract Manager Signature <i>Deborah Barnack</i> Date <u>12/2/04</u>
--	---

Agreement By and Between
San Bernardino Associated Governments
and
TH Enterprises, Inc.
for

Computer Administration and Management Services

This Agreement is made this _____ day of _____, 2005, by and between SAN BERNARDINO ASSOCIATED GOVERNMENTS hereinafter referred to as "SANBAG," and TH ENTERPRISES, INC., hereinafter referred to as "CONSULTANT."

WITNESSETH:

WHEREAS, SANBAG desires the services of a qualified consultant to provide computer administration and management services; and

WHEREAS, CONSULTANT has the management and technical personnel, expertise, and other assets necessary to render the aforesaid services and is desirous of providing such services;

NOW, THEREFORE, in consideration of the foregoing recitals and covenants and agreements of each of the parties herein set forth, the parties hereto agree as follows:

1. Scope of Work. SANBAG hereby contracts with CONSULTANT to perform the services as set forth in Exhibit A, Scope of Work, attached hereto and by reference incorporated herein and made a part hereto.

The annual payment to CONSULTANT provides for 24 days per year of consultation by principal management, plus 40 days per year of project management and/or certified network engineer or other technical support, which may be off-site or on-site, at the discretion of SANBAG. On-site work shall be coordinated with SANBAG staff to insure maximum utilization of services. Coordination shall include advanced identification of on-site work dates, identification of work to be performed on-site, progress review meetings during on-site work, and written reports of work accomplished during visit.

Additionally, CONSULTANT shall sell to SANBAG, at the option and upon specific authorization by SANBAG, computer hardware and third party software at CONSULTANT's costs plus 10%. The base costs shall be at the CONSULTANT's purchase price, plus freight in and out costs. Such purchases shall be made by purchase order, and costs for such purchases are not included in this contract. CONSULTANT hours for set up, burn in, and installation of such sales, at the discretion of SANBAG, may be charged against the hours purchased in this agreement.

At the sole discretion of SANBAG, the CONSULTANT may receive compensation for additional work as specifically requested by SANBAG. Any such additional work shall be compensated at CONSULTANT's published rate.

2. Contract Costs. The total cost of this contract shall not exceed \$290,642. SANBAG shall annually pre-pay to CONSULTANT the amounts specified for management and technical hours illustrated on Exhibit B: \$ 78,696 in 2005, \$ 81,057 in 2006, and \$83,488 in 2007. All other charges shall be submitted by CONSULTANT to SANBAG as specified in Item 4 below. Contract contingency amounts as illustrated on Exhibit B shall only released only upon express approval by the SANBAG contract manager. Amounts specified in Exhibit B can be reallocated among identified categories upon approval of

the SANBAG contract manager but cannot exceed the total amount of the contract as specified herein.

3. Time Period. The term of the Agreement shall commence on January 10, 2005, and continue until January 10, 2008.
4. Invoices. CONSULTANT shall submit invoices semi-annually to SANBAG for pre-paid management and technical support. Invoices for expenses and communications shall be submitted monthly or on a time schedule approved by SANBAG. CONSULTANT shall prepare all invoices in a form satisfactory to and approved by SANBAG and shall be accompanied by documentation supporting each element of measurement and/or cost.
5. Reports. CONSULTANT shall submit monthly reports to SANBAG detailing hours charged against the contract. CONSULTANT shall also provide progress reports detailing the work accomplished during periodic visitations, accomplishments, obstacles addressed, and uncompleted tasks. Such reports shall be submitted in written form within fourteen days following the on-site visitations. Any invoice submitted which fails to comply with the terms of this Contract, including the requirements of form and documentation, may be returned to CONSULTANT.
6. Payment. SANBAG shall pay CONSULTANT on a semi-annual basis upon receipt of billing by the CONSULTANT. If SANBAG disputes the provision of services as specified in the Scope of Work, SANBAG may reduce the invoice accordingly. Payment of said invoice shall be made promptly after such time that the SANBAG project manager determines that invoice charges are in reasonable agreement with the Scope of Work as set forth in Exhibit A of this Agreement.
7. Expenses. Chargeable expenses for the purpose of this agreement shall include reasonable and necessary expenses directly related to the interests of SANBAG and travel to California. A per diem allowance for meals and lodging is established at \$190 per day to be paid for each day of on-site work at SANBAG and for each travel day which requires over-night accommodations. The per diem allowance shall increase on January 10, 2006, to \$196 and shall increase on January 20, 2007, to \$202. In such instances that the cost of an additional day of per diem is less than the most immediate return airfare, additional per diem may be authorized, at SANBAG discretion. All chargeable expenses related to this contract shall be expressly authorized by SANBAG prior to such expenses being incurred.
8. Management and Key Personnel. During the term of this Agreement, CONSULTANT shall provide sufficient executive and administrative personnel as shall be necessary and required to perform its duties and obligations under the terms hereof. Key personnel identified as the project team, specifically Ted Hoisington, Art Bennett, Kathy Davidson, Tom Brophy, and Jo-Anne Hoover. Such personnel shall not be replaced by any other persons without written notification to SANBAG.
9. Materials Retained. CONSULTANT shall retain project-related materials and worksheets for a minimum of three (3) years after the delivery of the final product. Said materials and reports shall be available to SANBAG on request.
10. Audit. CONSULTANT shall permit the authorized representatives of SANBAG to inspect and audit all data and records of the CONSULTANT relating to performance under this Agreement for a period of three years following final payment for services rendered.

11. Equal Employment Opportunity. Contractor agrees to comply with Title VII of the Civil Rights Act of 1964, as amended, and any other applicable federal and state laws and regulations hereinafter enacted.
12. Disadvantaged Business Enterprises. In connection with the performance of this Agreement, CONSULTANT will cooperate with SANBAG in meeting its commitments and goals with regard to the maximum utilization of Disadvantaged Business Enterprises and will use its best efforts to insure that Disadvantaged Business Enterprises shall have the maximum practicable opportunity to compete for sub-contract work under this Agreement.
13. Affirmative Action of Handicapped Workers. The CONSULTANT will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The CONSULTANT agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
14. Sub-Contracting. CONSULTANT shall not sub-contract any portion of the work required by this Agreement without prior approval of SANBAG. CONSULTANT is responsible for any and all work performed by subconsultants and is responsible for payment of subconsultants for such work.
15. Independent Contractor. CONSULTANT's relationship with SANBAG in performance of this Agreement is that of an independent contractor. CONSULTANT's personnel performing services under this Agreement shall at all times be under CONSULTANT's exclusive direction and control and shall be employees of CONSULTANT and not of SANBAG. CONSULTANT shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation, and similar matters, including liability insurance for its employees.
16. Confidentiality. CONSULTANT agrees that it, and its employees, agents, and subcontractors will hold confidential and not divulge to third parties without the prior written consent of SANBAG, any information obtained by CONSULTANT from or through SANBAG in connection with CONSULTANT's performance of this Contract, unless (a) the information was known to CONSULTANT prior to obtaining same from SANBAG pursuant to a prior contract; or (b) the information was at the time of disclosure to CONSULTANT, or thereafter becomes part of the public domain, but not as a result of the fault or an unauthorized disclosure of CONSULTANT or its employees, agents, or subcontractors, or (c) the information was obtained by CONSULTANT from a third party who did not receive the same, directly or indirectly, from SANBAG and who had, to CONSULTANT'S knowledge and belief, the right to disclose the same.
17. Interest of Members of or Delegates to Congress. Members of or delegates to the Congress of the United States shall not be admitted to any share or part of this Agreement or to any benefit arising there from.
18. Prohibited Interest. No member, officer, or employee of SANBAG during his/her tenure or one year thereafter shall have any interest, direct or indirect, in this Agreement or the proceeds thereof.

19. Communications. All notices hereunder and communications with respect to this Agreement shall be effective upon the mailing thereof by registered or certified mail, return receipt requested, and postage prepaid to the persons named below:

If to SANBAG:

Deborah Robinson Barmack
1170 W. 3rd Street, 2nd Floor
San Bernardino, CA 91410-1715

If to CONSULTANT:

Ted Hoisington
310 I-30 East, Suite B101
Garland, TX 75043

20. Termination. If, through any cause within its control, CONSULTANT shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if CONSULTANT violates any of the terms or stipulations of the Agreement, SANBAG will notify CONSULTANT in writing of the deficiency. If the deficiency is not corrected within thirty (30) days, SANBAG shall thereupon have the right to terminate this Agreement and to specify the effective date thereof, such notice to be provided at least five (5) days before the effective date of such termination. CONSULTANT shall be entitled to receive compensation for the percentage of completion of work in progress at the termination date, as determined by SANBAG, applied to the Contract Value.
- Notwithstanding the above provisions, SANBAG shall have the right to terminate this contract without cause at any time upon sixty (60) days notice to Consultant.
21. Succession. This Agreement shall be binding on and inure to the benefit of the heirs, executors, administrators, and assigns of the parties hereto.
22. Headings. The headings or titles to paragraphs of this Agreement are not part of the Agreement and shall have no effect on the construction or interpretation of any part of this Agreement.
23. Disputes. Except as otherwise provided in this contract, any disputes concerning a question of fact arising under this Agreement which are not disposed of by mutual agreement shall be decided by a court of competent jurisdiction. This Contract shall be subject to the law and jurisdiction of the State of California. The venue for any actions arising out of this agreement will be the Superior Court for the County of San Bernardino.
24. Indemnification. CONSULTANT shall defend, indemnify and hold harmless SANBAG and its officers and employees from any claims, legal actions and liability arising from or which are allege to arise from CONSULTANT's negligent or wrongful actions or omissions in the performance of this Agreement.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by and through their respective officers thereunto duly authorized on the date written below their signatures.

**SAN BERNARDINO
ASSOCIATED GOVERNMENTS**

TH Enterprises, Inc.

By: _____

Paul Biane
President
SANBAG Board of Directors

By: _____

Ted Hoisington
Principal

Date _____

Date _____

APPROVED AS TO FORM:

By: _____

Jean Rene Basle
SANBAG Counsel

Date: _____

SCOPE OF WORK

- I. The following services shall be provided by Consultant:
 - A. Consultation, administration, and management of the SANBAG computer network, including operation and maintenance of hardware and integration of Regional Council Management System (RCMS) and third party operating systems and software programs.
 - B. Consultation related to use of RCMS and Measure I allocation program developed for use by SANBAG.
 - C. Consultation related to the overall planning and implementation of computer software and hardware systems utilizing both TH Enterprise software and third party software, as well as technical assistance related to day-to-day administration the local area network.
 - D. Consultation and coordination with other SANBAG consultants and/or vendors related to third party software and systems which are to be integrated with the SANBAG network, as specifically authorized by SANBAG.
 - E. Consultation specified in items A through C above shall be provided in concert with and include periodic on-site consultation, training, and management assistance by Ted Hoisington and/or other TH Enterprises staff at SANBAG offices, as well as off-site work provided by Ted Hoisington and/or TH Enterprise staff insure effective planning, management, and project implementation on the SANBAG network.
- II. Additional services may be requested by SANBAG and shall result in additional charges not included in this contract by Consultant:
 - A. Special services related to customization of TH Enterprise software specific to SANBAG needs at the option of and upon specific authorization by SANBAG to be provided at the hourly rate published by TH Enterprises or as negotiated as a separate work order. It is understood that the published rates for special services for provided for in this contract may be revised at the option of TH Enterprises during the contract period.
 - B. Software and hardware maintenance, on-line computer assistance and maintenance, or other services exceeding the amounts provided for in this contract, as elected solely at the discretion and specific authorization of SANBAG.

CONTRACT COSTS

Year →	2005	2006	2007
Management – 24 days @ \$210 Hr. or \$1,560 Day w/10% discount = \$189 Hr. or \$1,404 Day (3% increase for 2006 and 2007)	\$33,696	\$34,707	\$35,748
Technical – (CNE, Programming, Project Mgmt.) – 40 days @ \$170 Hr. or \$ 1,250 Day w/10% discount = \$153 Hr. or \$1,125 Day (3% increase for 2006 and 2007)	\$45,000	\$46,350	\$47,740
Expenses - \$190 day plus actual travel expenses. Four @ \$2,000 ea maximum (3% increase for 2006 and 2007)	\$8,000	\$8,240	\$8,507
Communications – 12 mos @ \$200	\$2,400	\$2,400	\$2,400
Contingency (3% increase for 2006 and 2007)	\$5,000	\$5,150	\$5,304
TOTALS By Year	\$94,096	\$96,847	\$99,699
Total Contract not to exceed \$290,642			

Service Rate Schedule

TH Enterprises, Inc.

Exhibit C

Effective January 1, 2004

The following charges apply to all of the services provided unless a prior written agreement between TH Enterprises, Inc. and the Customer has been negotiated for a specific project.

Service Description	Rate or Charge
Principal Consulting / Ted Hoisington, President	\$210 / Hour or \$1,560/Day
Software Training & Installation	Sr. Project Manager \$1,250/day or \$170/hour Project Manager \$125/hour
Programmer Consulting / Software Development	Senior Programmer \$1,250/day or \$170/hour
Installation, Maintenance & Repair / Client or TH Site Certified Novell MCNE or CNE, Certified Microsoft MCSE, Certified Compaq ASE, Citrix Certified Administrator (Time Charges Do Not Include Materials & Parts.)	Senior Network Engineer \$1,250/day or \$170/hour Network Engineer \$125/hour
Hot Line Phone Support / Client Use Of System (This category covers <u>all</u> phone-in client support)	\$45 Minimum, First 15 Minutes \$40 Each Additional 15 Minutes
Minimum Trip Charge For Professional Time Plus Travel Time in one direction	1 hour Minimum
After Hours Emergency Support	200% List / 30 minute minimum
Out Of Town Travel, Pickup Or Delivery	TH Cost + 10%
Quoted rates for normal working hours, 8:30 a.m. - 5:30 p.m., Monday - Friday. After 5:30 p.m., Monday - Thursday, rates 150% list. From 5:30 p.m. Friday - 8:30 a.m. Monday and Holidays, rates 200% list. Minimum trip charges apply to installation, programming, maintenance, repair, consulting, systems planning, training & bookkeeping services. Does not apply to parts or out of town travel costs. Out of town travel time over 2 hours billed at above rates. All charges due as incurred, and are payable on COD basis only, unless prior arrangements made. Prices subject to change without advance notice.	

-
- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies
-

Minute Action

AGENDA ITEM: 10

Date: December 8, 2004

Subject: Policy on SANBAG Flexible Benefit Plan

Recommendation:* Approve amendment to SANBAG Policy 10122-1, Flexible Benefit Plan, to eliminate pro-ration of benefits and establish a timeline for submittal of documentation in the event of a qualifying event.

Background: SANBAG staff recommends modification to the Flexible Benefit Plan which would eliminate the pro-ration of benefits in the event of leave without pay for hours worked less than the hours normally scheduled. The proposed policy provides for benefits to be paid at specified levels; i.e., no benefits for work less than half the hours scheduled; half benefits for work over half the hours scheduled; and full benefits for work over three-quarters of the hours scheduled. This policy mirrors that of the County of San Bernardino, which provides benefit offerings for SANBAG employees. Additionally, this proposed change eliminates cumbersome pro-ration calculations by SANBAG in the event of irregular work situations.

This proposed policy amendment also establishes a 30 day period for submittal of documentation in the event of a qualifying event, which would allow a change in an employees benefit selection and eliminates the provision for retroactive

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Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved:

Second:

In Favor:

Opposed:

Abstained:

Witnessed: _____

changes. This amendment is also consistent with the policy of the County of San Bernardino.

The proposed changes provide for ease in SANBAG administration, consistency with the County of San Bernardino which provides benefit offerings to SANBAG employees, and provides for more flexibility in meeting the needs of SANBAG's changing workforce.

Financial Impact: This item has no impact upon the adopted SANBAG budget. Costs to SANBAG as a result of this policy change is inconsequential, possibly \$2,000 in some years.

Reviewed By: This item is scheduled for review by the Administrative Committee on December 8, 2004.

Responsible Staff: Deborah Robinson Barmack
Director of Management Services

San Bernardino Associated Governments		Policy	10122-1
Adopted by the Board of Directors	August 7, 1991	Revised	Draft 12/8/04
Flexible Benefit Plan		Revision No.	2

Table of Contents

[Purpose](#) | [Policy](#) | [References](#) | [Plan Administration](#) | [Eligible Employees](#) | [Contributions for Group Term Life Insurance](#) | [Enrollment Rules](#) | [Benefits](#) | [Election Procedures](#) | [Revision History](#) |

I. PURPOSE

The purpose of this policy is to establish a flexible benefit plan in accordance with Section 125 of the Internal Revenue Code. Eligible SANBAG employees may select benefits, both taxable and non-taxable, which best meet their individual needs and preferences within parameters established in the plan.

II. POLICY

This Plan has been established for the benefit of employees. While this Plan has been established with the intention of being maintained for an indefinite period of time, the SANBAG Board of Directors reserves the right to modify and/or terminate the Plan at its discretion.

III. REFERENCES

- TITLE 26-INTERNAL REVENUE CODE, Subtitle A- Income Taxes, Chapter 1-Normal Taxes and Surtaxes, Subchapter B-Computation of Taxable Income, PART III-Items Specifically Excluded from Gross Income, Sec. 125, Cafeteria Plans
- **Policy 10111, Work Hours, Leaves, and Absences**

IV. PLAN ADMINISTRATION

The Plan will be administered in compliance with Section 125 of the Internal Revenue Code and the regulations promulgated thereto, and other applicable laws. SANBAG reserves the right to revise the Plan at any time to meet legal requirements.

The Executive Director or the Chief Financial Officer as his designee will serve as the Plan Administrator and is authorized to make all interpretations of Plan provisions and to administer the Plan.

V. EFFECTIVE DATE

The Flexible Benefit Plan became effective on July 1, 1991. It operates on a Plan Year basis as required by Section 125 of the Internal Revenue Code. The first Plan Year and subsequent Plan Years consist of twelve months, beginning July 1 through June 30 of the following year.

VI. ELIGIBLE EMPLOYEES

Eligible employees include employees in regular ~~and contract~~ positions. ***Eligible employees who are normally scheduled for a minimum of forty (40) hours per pay period are eligible to receive benefits of the plan. Employees in regular part-time positions shall receive a prorated benefit. Employees in regular half time positions shall receive one half the full benefits.***

The employee must be paid for at least one-half plus one hour of their normally scheduled hours in order to receive benefits. For instance, an employee normally scheduled to work 80 hours per pay period must be paid at least 41 hours in a pay period to be eligible for benefits. Employees will be paid partial benefits based on the following increments.

<i>Employee Scheduled and Paid for 41 to 60 Hours per Pay Period</i>	<i>Employee Scheduled and Paid for 61 to 80 Hours per Pay Period</i>
<i>½ the Full Benefit</i>	<i>Full Benefit</i>

Under no circumstances will the monetary value of the benefit plan be prorated. Employees who are on a medical leave of absence and whose paid hours in a pay period are less than the required number of hours will continue to receive benefits for up to six (6) pay periods per episode of illness or injury. Employees who are on an approved Worker's Compensation claim shall receive benefits for up to six (6) pay periods while off work due to that work injury.

Employees who are on leave of absence without pay under the Family Medical Leave Act of 1993 will continue to receive the Benefits for up to six (6) pay periods.

Employees who are on leave of absence without pay shall not be eligible to receive benefits of the Plan unless on approved medical leave or Family Medical Leave Act eligible leave.

Refer to Policy 10111 for definitions of leaves of absence.

Eligibility for the Flexible Benefit Plan does not make an individual eligible for any health or dental plan offered through it. The individual must independently qualify for each health and dental plan pursuant to its terms.

VII. CONTRIBUTIONS FOR GROUP TERM LIFE INSURANCE

SANBAG will make non-elective contributions on behalf of each participant for Group Term Life Insurance, and such contributions on behalf of eligible employees shall be the amounts determined by the SANBAG Board of Directors.

VIII. ENROLLMENT RULES

Options offered in each plan year shall be in accordance with the terms and conditions of the individual plans. Premiums for options offered under this plan may be adjusted during the year.

IX. BENEFITS

All benefits are intended to be non-taxable unless otherwise indicated. All claims for benefits shall be subject to and governed by the terms and conditions of the particular health or dental plan under which the benefit is claimed.

Each year, SANBAG offers a variety of benefit options from which the employee may elect the ones he/she wants. These are examples of offered benefits:

A. Health Insurance

Participants may select health insurance for themselves and their dependents from one of the health insurance plans provided through the SANBAG plan. Employees who choose not to participate in one of these plans must provide proof of alternate employee health insurance.

B. Dental Insurance

Participants may select dental insurance for themselves and their dependents from one or more of the insurance plans provided through the SANBAG plan.

C. Life and Disability Insurance

Participants may select life and disability insurance for themselves from one or more of the plans provided by the SANBAG plan.

D. Extended Health, Dental and Vision Care Benefits (Flexible Spending Account [FSA])

Participants may choose reimbursement of actual costs for themselves and their dependents not covered or only partially covered under health and dental plans. Examples of items covered under this provision include deductibles, co-payments, eye care, lenses, and frames. Under the FSA, any amount not used by the end of the plan year is forfeited. Any amounts in the FSA account that are not used for health, dental and vision care benefits at the end of the plan year will be forfeited.

E. Taxable Cash

Any portion of the SANBAG flexible benefit plan amount that a participant does not designate to pay for the costs of non-taxable benefits available under this plan shall be paid to the participant in taxable cash.

X. ELECTION PROCEDURES

Election of benefits is subject to the following requirements:

A. Elections shall be made once per year during the enrollment period.

B. Employees who become eligible for the Plan after the beginning of the Plan Year shall begin participation on the first day of the second pay period of employment, and election will remain in effect for the remainder of the Plan Year.

C. Elections must be made on the Plan's written election form. Separate elections shall be made for each benefit listed on the election form.

1. Elections made during the enrollment period become effective at the beginning of the Plan Year. The previously selected elections remain effective until the first day of the second pay period. Employees may begin participation in any of the changed elections on the first day of the second pay period.

2. Elections made after the beginning of the Plan Year (i.e., new employees) become effective on the first day of the second pay period during which contributions are made. For allowable election changes during the Plan Year, see par. X.E.

D. Unless changed by the employee during the enrollment period, allowable elections made by the employee for a Plan Year will remain in effect for the next Plan Year. The employee must return the election form even though no changes are made for the next Plan Year.

If an employee fails to return the Plan's written election form prior to the end of the enrollment period, the employee will be deemed to have elected to receive his or her full benefits, except that SANBAG will enroll the employee in a health insurance plan with premiums paid from plan benefits if the employee does not provide proof of alternate health insurance coverage.

E. An employee may revoke his or her benefit election and make a new selection with respect to the remainder of the Plan Year only if both the revocation and the new election are due to a qualifying event defined as marriage, divorce, death of a spouse or child, birth or adoption of a child, or termination of employment of a spouse. ***Documentation of any mid-year qualifying event shall be submitted within thirty (30) days of the event.***

1. **Marriage:** Change becomes effective the first day of the pay period after documents (marriage certificate and election form) are submitted by SANBAG to the County of San Bernardino Employee Benefits Department.

2. **Birth or adoption of a child:** Change becomes effective on the date of birth but only if the documents (birth certificate and election form) are submitted by SANBAG to the County of San Bernardino Employee Benefits Department within thirty (30) days of the birth or adoption. Change may be denied if documents are not received within 30 days of the birth or adoption.

3. **Death of a spouse or child:** Change becomes effective the first day of the pay period after the documents (death certificate and election form) are submitted by SANBAG to the County of San Bernardino Employee Benefits Department. ***Change is retroactive to sixty (60) days from the receipt of the documents, i.e., if documents are not received until four months after the death of a spouse or child, the change will only be effective as of two months prior to the receipt of the documents.***

4. **Divorce:** Change becomes effective on the first pay period following submittal of the election form to the County of San Bernardino Employee Benefits Department.

5. **Termination of employment of a spouse:** Change becomes effective on the pay period previous to loss of coverage following submittal of the election form to the County of San Bernardino Employee Benefits Department. ***Change is retroactive to sixty (60) days from the receipt of documents, i.e., if documents are not received until four months after the termination of employment of a spouse, the change will only be effective as of two months prior to the receipt of the documents.***

F. The Plan Administrator may modify employee elections under this Plan if the Plan Administrator determines that amendments are necessary or advisable in order to meet the requirements of the Internal Revenue Code or to correct mathematical computations.

XI. REVISION HISTORY

Revision No.	Revisions	Adopted
0	New Policy. Adopted by the Board of Directors	08/07/91
1	<p>Changed "the Association" to SANBAG throughout text and reformatted into current SANBAG policy format.</p> <p>Par. I: Revised PURPOSE.</p> <p>Par. II: Changed "...determines termination of..." to "...reserves the right to terminate...at its discretion".</p> <p>Par. III: REFERENCES: Added reference to Title 26-Internal Revenue Code.</p> <p>Par. IV: Changed "Director of Finance & Administration" to "Chief Financial Officer".</p> <p>Par. VI: Change "...employees in regular positions" to "... employees in regular and contract position".</p> <p>Par. VII: Made specific to Group Term Life Insurance for clarity.</p> <p>Par. VIII: Revised for clarity.</p> <p>Par. IX: Numerous editing changes made for clarification and updating; deleted wellness programs.</p> <p>Par. IX.D: Specified to be Flexible Spending Account [FSA] added last sentence "Under the health FSA, any amount not used by the end of the plan year cannot be paid to the participant...."</p> <p>Par. X.C.X.D: Revised for clarification.</p> <p>Par. X.E: Changed "... change in family status..." to "... qualifying event defined as..." and added paragraphs X.E.1 through 5.</p> <p>Par. XI: Added REVISION HISTORY.</p>	05/01/02
2	<p>Par. III: REFERENCES: Added Policy 10111.</p> <p>Par. VI: ELIGIBLE EMPLOYEES: Added information on benefits based on scheduled hours and on receipt of benefits during leaves of absence.</p> <p>Par. X.E: Added "Documentation of any mid-year qualifying event shall be submitted within thirty (30) days of the event."</p> <p>Par. X.E.3 and 5: Deleted "Change is retroactive to sixty (60) days from the receipt of documents..."</p>	

- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 11

Date: December 8, 2004

Subject: 2004 Year-End State and Federal Legislative Report

Recommendation:* Receive and file State and Federal Legislative Update as an information item.

Background: **STATE LEGISLATIVE UPDATE**

The California Transportation Commission is anticipating another suspension to Prop 42 as part of the Governor's FY05-06 State Budget scheduled to be released in January. If the suspension occurs, the CTC has advised that deprogramming of the STIP may be necessary and it is unlikely they will release any GARVEE bonds due to the insufficient funds in the State Highway Account to make the state match. As it stands today, due to the past two suspensions of Prop 42 and slower than expected federal transportation funds coming to California, the result has been such a severe cash flow problem that new project allocations have not been issued since December 2002. With only enough funding to sustain \$500 million in projects through December 2004, the California Transportation Commission expects to continue its moratorium on new project allocations from the State Transportation Improvement Program (STIP) and the Traffic Congestion Relief Program (TCRP).

*

Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved: _____ *Second:* _____

In Favor: _____ *Opposed:* _____ *Abstained:* _____

Witnessed: _____

In response to the threat of a third suspension of Prop 42, a group of business, labor, and transportation representatives have formed a statewide "Save Prop 42 Coalition." SANBAG staff has taken a leadership role in the formation of the coalition in a concerted effort to prevent any additional suspension of Prop. 42. The first event scheduled by the coalition is a press conference at the State Capitol on Tuesday, December 7, to launch the public information campaign regarding the impact of further suspension to Prop 42 – the impact to economic recovery, jobs lost, projects (by county) that will be deprogrammed if an additional suspension occurs. It is clearly a difficult budget year ahead - with a projected deficit of \$8-\$10 billion. The coalition intends to work with the administration and the legislature to find a feasible solution for Prop 42 in the near-term and long-term budget years. SANBAG staff will continue to play a leadership role in this effort to protect Prop. 42.

Gaming revenue:

Last year, Governor Schwarzenegger negotiated five tribal gaming compacts anticipated to generate one-time revenues of approximately \$1.2 billion dedicated to repaying transportation loans that are due in 05-06. However, the \$1.2 billion, once litigated (fallout from Props 68 and 70) is now expected to generate only \$850 million. According to the Governor's office, the tribal gaming bonds are expected to be released in March.

FEDERAL LEGISLATIVE UPDATE

TEA-21 Reauthorization:

Congress passed an eight-month extension to TEA-21 last September, which will expire in next May. The major point of contention remains the funding level with the White House maintaining its veto threat of any bill that exceeds an authorization level of \$256 billion. The Senate passed its bill, SAFETEA, at \$318 billion and the House bill, TEA-LU, was passed with an authorization level of \$284 billion. There also remain a number of policy issues to be addressed with regard to state highway funding formulas and the structure of the state equity program.

Ethanol Fix:

There is some good news to report; last September, Congress passed the Foreign Sales Corporations Export Tax Issues bill (aka "the Jobs Bill"). Of the approximate 256 tax changes included in the bill, one of the most important to

California was the VEETC section of the bill - the "ethanol tax fix" - which will end the tax discount on gasohol and require that the full 18.3 cents be credited to the Highway Trust Fund.

The provisions in the latest extension of TEA 21 (HR 5183) will end the transfer of 2.5 cents of the taxes collected on gasohol to the General Fund and combined with the VEETC put gasohol at parity with straight gasoline for tax purposes (at least until the end of FY 2005, at which time either another extension or reauthorization will have to renew the provisions in HR 5183). If the provisions in HR 5183 are made permanent, California will no longer be subject to a loss of share of Highway Account revenues due to under-contribution because of its use of gasohol for air quality conformity purposes.

It is anticipated that there will be an approximate two year lag before the state will see an increase in its Highway Account distributions because of the way distributions are calculated under the Minimum Guarantee program. California has been using gasohol for the past three years in increasing amounts; therefore, its contributions will be understated for the next two budget cycles absent a change in federal law.

Additional benefit to SANBAG's FSP program:

In addition to the passage of AB 2498 (FSP), SANBAG staff lobbied successfully for language in the State Budget bill that added \$5 million to the statewide FSP program. However, the increased funding was tied to passage of an ethanol fix by Congress. According to the final, amended language in the SANBAG FSP bill (AB 2498), the phase-in limitation for new entrants only applies if the statewide FSP program's funding level remains unchanged. Now that the ethanol fix has passed, SANBAG should be eligible for full participation at the start of the next fiscal year. It will be at the top of SANBAG's 2005 legislative program to ensure the budget language is implemented.

FY05 Transportation Appropriations:

On November 20, both houses of Congress passed an omnibus appropriations bill that will fund the domestic programs of the federal government - including transportation - through fiscal year 05. There is a hold on the bill due to a last minute amendment intended to remove some offending language in the House bill, so the final passage is scheduled for December 6, before the omnibus bill will be sent to the President for his signature. A full list of the earmarks for San Bernardino County was still being compiled at the time this report was

drafted. Staff expects to distribute a confirmed list by the meeting date of the Administrative Committee.

Financial Impact: No impact on SANBAG Budget. Potential gains or losses may be experienced depending on the outcome of legislative proposals.

Reviewed By: This item is scheduled to be reviewed by the Administrative Committee on December 8, 2004.

Responsible Staff: Kris Leathers Murray
Director Intergovernmental and Legislative Affairs

- San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

Minute Action

AGENDA ITEM: 12

Date: December 8, 2004

Subject: San Bernardino Associated Governments State and Federal Legislative Program

Recommendation: Approve 2005 State and Federal Legislative Programs.

Background: Review the proposed 2005 State and Federal SANBAG Legislative Programs. The programs include carry-over items from prior year's legislative programs and several new or enhanced policy initiatives (the amended sections are underlined).

The 2005 State Legislative Program remains predominately unchanged from the 2004 program, with the exception of the following new initiatives:

- As directed by the SANBAG Board, assist in efforts to protect Proposition 42 from further suspension.
- Advocate for state legislation to support public/private intermodal goods movement programs.
- Support administrative action that enables SANBAG's full participation in the FSP program.

The 2005 Federal Legislative Program maintains the same focus on reauthorization of the Transportation Equity Act for the 21st Century. As TEA-21

Approved
San Bernardino Associated Governments
Administrative Committee

Date: _____

Moved:

Second:

In Favor:

Opposed:

Abstained:

Witnessed: _____

reauthorization efforts continue, SANBAG staff and its consultants will continue to advocate on behalf of the Board approved project list, and to support increased funding sources to ensure highway and transit project delivery.

Lastly, SANBAG staff will continue to work in cooperation at the state and federal level with the Riverside County Transportation Commission (RCTC) to support a unified Inland Empire transportation presence and policy position in Sacramento and Washington D.C.

- Financial Impact:*** Funding to support the 2005 Federal and State Legislative Programs is included within the adopted SANBAG FY 2004-05 Budget.
- Reviewed By:*** This item has been reviewed by SANBAG's executive staff, as well as its Federal and State legislative advocates. The Administrative Committee is scheduled to review this item on December 8, 2004.
- Responsible Staff:*** Kris Leathers Murray
Director Intergovernmental and Legislative Affairs

AB	Assembly Bill
ACE	Alameda Corridor East
ACT	Association for Commuter Transportation
ADA	Americans with Disabilities Act
APTA	American Public Transportation Association
AQMP	Air Quality Management Plan
ATMIS	Advanced Transportation Management Information Systems
BAT	Barstow Area Transit
CAC	Call Answering Center
CALACT	California Association for Coordination Transportation
CALCOG	California Association of Councils of Governments
CALSAFE	California Committee for Service Authorities for Freeway Emergencies
CALTRANS	California Department of Transportation
CARB	California Air Resources Board
CEQA	California Environmental Quality Act
CHP	California Highway Patrol
CMAQ	Congestion Mitigation and Air Quality
CMP	Congestion Management Program
CNG	Compressed Natural Gas
COG	Council of Governments
CSAC	California State Association of Counties
CTA	California Transit Association
CTAA	Community Transportation Association of America
CTC	California Transportation Commission
CTC	County Transportation Commission
CTP	Comprehensive Transportation Plan
DMO	Data Management Office
DOT	Department of Transportation
E&H	Elderly and Handicapped
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EPA	United States Environmental Protection Agency
ETC	Employee Transportation Coordinator
FEIS	Final Environmental Impact Statement
FHWA	Federal Highway Administration
FSP	Freeway Service Patrol
FTA	Federal Transit Administration
FTIP	Federal Transportation Improvement Program
GFOA	Government Finance Officers Association
GIS	Geographic Information Systems
HOV	High-Occupancy Vehicle
ICMA	International City/County Management Association
ICTC	Interstate Clean Transportation Corridor
IEEP	Inland Empire Economic Partnership
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
IIP/ITIP	Interregional Transportation Improvement Program
ITS	Intelligent Transportation Systems
IVDA	Inland Valley Development Agency
JARC	Job Access Reverse Commute
LACMTA	Los Angeles County Metropolitan Transportation Authority
LNG	Liquefied Natural Gas
LTF	Local Transportation Funds
MAGLEV	Magnetic Levitation
MARTA	Mountain Area Regional Transportation Authority
MBTA	Morongo Basin Transit Authority
MDAB	Mojave Desert Air Basin

MDAQMD	Mojave Desert Air Quality Management District
MIS	Major Investment Study
MOU	Memorandum of Understanding
MPO	Metropolitan Planning Organization
MSRC	Mobile Source Air Pollution Reduction Review Committee
MTP	Metropolitan Transportation Plan
NAT	Needles Area Transit
OA	Obligation Authority
OCTA	Orange County Transportation Authority
OWP	Overall Work Program
PASTACC	Public and Specialized Transportation Advisory and Coordinating Council
PDT	Project Development Team
PPM	Planning, Programming and Monitoring Funds
PVEA	Petroleum Violation Escrow Account
RCTC	Riverside County Transportation Commission
RDA	Redevelopment Agency
RFP	Request for Proposal
RIP	Regional Improvement Program
ROD	Record of Decision
RTAC	Regional Transportation Agencies' Coalition
RTIP	Regional Transportation Improvement Program
RTP	Regional Transportation Plan
RTPA	Regional Transportation Planning Agencies
SB	Senate Bill
SAFE	Service Authority for Freeway Emergencies
SANBAG	San Bernardino Associated Governments
SCAB	South Coast Air Basin
SCAG	Southern California Association of Governments
SCAQMD	South Coast Air Quality Management District
SCRRA	Southern California Regional Rail Authority
SED	Socioeconomic Data
SHOPP	State Highway Operations and Protection Program
SOV	Single-Occupant Vehicle
SRTP	Short Range Transit Plan
STAF	State Transit Assistance Funds
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TAC	Technical Advisory Committee
TCM	Transportation Control Measure
TCRP	Traffic Congestion Relief Program
TDA	Transportation Development Act
TEA	Transportation Enhancement Activities
TEA-21	Transportation Equity Act for the 21 st Century of 1997
TIA	Traffic Impact Analysis
TMC	Transportation Management Center
TMEET	Traffic Management and Environmental Enhancement
TOC	Traffic Operations Center
TOPRS	Transit Operator Performance Reporting System
TSM	Transportation Systems Management
USFWS	United States Fish and Wildlife Service
UZAs	Urbanized Areas
VCTC	Ventura County Transportation Commission
VVTA	Victor Valley Transit Authority
WRCOG	Western Riverside Council of Governments

San Bernardino Associated Governments



MISSION STATEMENT

To enhance the quality of life for all residents,
San Bernardino Associated Governments
(SANBAG) will:

- Improve cooperative regional planning
- Develop an accessible, efficient,
multi-modal transportation system
- Strengthen economic development
efforts
- Exert leadership in creative problem
solving

To successfully accomplish this mission,
SANBAG will foster enhanced relationships
among all of its stakeholders while adding
to the value of local governments.

Approved June 2, 1993
Reaffirmed March 6, 1996